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# PUBLIC POLICY PROGRAM QUARTERLY REPORT – Q6

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# USAID PUBLIC POLICY PROGRAM

## QUARTERLY REPORT 6

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## ACRONYMS & ABBREVIATIONS

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ACIP	Afro-Colombian and Indigenous Program
ANIF	National Association of Financial Institutions
BDO	Banca de las Oportunidades
CAF	Latin American Development Bank
CELI	Consolidated and Enhanced Livelihoods Initiative
CONPES	National Council on Social and Economic Policy (White Paper)
DANE	National Department of Statistics
DNP	National Planning Department
DPS	Administrative Department of Social Prosperity
FNG	National Guarantees Fund
GOC	Government of Colombia
GRS	General Royalties System
IDPs	Internally Displaced Persons
INCODER	Colombian Rural Development Institute
IOM	International Organization on Migration
LCDS	Low Carbon Development Strategy
LEDs	Low Emission Development Strategy
LRU	Land Restitution Unit
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
PDRET	Rural Development Plans with a Territorial Focus
PNNU	National Natural Parks Unit
REDD	Reduced Emissions from Deforestation and Degradation
SCG	Savings and Credit Groups
SENA	National Learning Service
SINAP	National System of Protected Areas
SINIDEL	Labor Demand Information System
SMEs	Small and Medium sized Enterprises
TNC	Third National Communication on climate change
UNIDOS	Network for Extreme Poverty
USSD	Unstructured Supplementary Service Data
Consolidation Unit	Special Administrative Unit for Territorial Consolidation and Reconstruction
Land Restitution Unit	Special Administrative Unit for Land Restitution Management
Victims' Law	Victims' and Land Restitution Law/Law 1448 of 2011
Victims' Unit	Special Administrative Unit for Integral Victims' Assistance and Reparations

## EXECUTIVE SUMMARY

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During Q6, the USAID Public Policy Program (the Program) supported critical legal and regulatory reforms and the strengthening of key institutions that are critical to the Government of Colombia (GOC) reform agenda. Program support aimed to improve service delivery to victims and regions affected by the civil conflict, and ensure inclusion of ethnic minorities in policymaking and implementation. The Program continued support to the Special Administrative Unit for Land Restitution Management (Land Restitution Unit), providing assistance to improve land restitution procedures and to integrate restitution legal proceedings initiated under the Justice and Peace Law with investigations being executed under the Land Restitution Unit. The Program also supported personnel selection for the Unit, and provided recommendations to introduce new procedures and guidelines designed to reduce security risks to the Unit's personnel and victims that are claiming their land tenure rights.

The Program also continued support to the Ministry of Agriculture and Rural Development (MARD) to strengthen the Land and Rural Development Bill which is under consultation with Afro-Colombian and Indigenous communities. The Program provided detailed recommendations to mainstream gender criteria in the design of policy instruments aimed at promoting rural development and access to land. The Program has also continued advising the National Planning Department (DNP), the Department of Social Prosperity (DPS), MARD, and the Colombian Rural Development Institute (INCODER) in the design of a new institutional arrangement to improve coordination of GOC programs intended to promote income generation, employment and improved livelihoods for victims, ethnic minorities and farmers living below the poverty line. The new institutional arrangement will link targeted populations with markets and provide assistance and capacity building support to strengthen small producer organizations (provision of technical assistance and training regarding sanitary and phytosanitary standards compliance, product quality and marketing services to be partially financed with GOC subsidies and support). In parallel with the development of the Land and Rural Development Law and livelihoods policy reform, the Program has also provided ongoing support for the reform of INCODER. A draft reform document and decrees developed under the previous INCODER administration will be reviewed by the new INCODER management team and submitted for approval by the Public Service Commission in Quarter 7. The INCODER reform is critical to GOC's ability to implement the Land and Rural Development Law.

The GOC has continued the creation and strengthening of the Special Administrative Unit for the Integral Victims' Assistance and Reparations (Victims' Unit). The Public Policy Program has provided critical support to facilitating the design and adoption of internal procedures, developing a communications strategy for victims, and identifying the location of the Unit's Regional Attention Centers. The Program has also provided support to DNP and the Victims' Unit to develop the National Council on Social and Economic Policy White Paper (CONPES document) that will include the *Action Plans for Comprehensive Assistance and Reparations to Victims*. The Program has provided assistance to identify which programs need to make their service supply more flexible to respond to the needs of victims. This effort includes adopting a clear differential approach to victims in the supply of housing, education, health, nutrition, rehabilitation, access to land, and support for income generation based on specific victim characteristics.

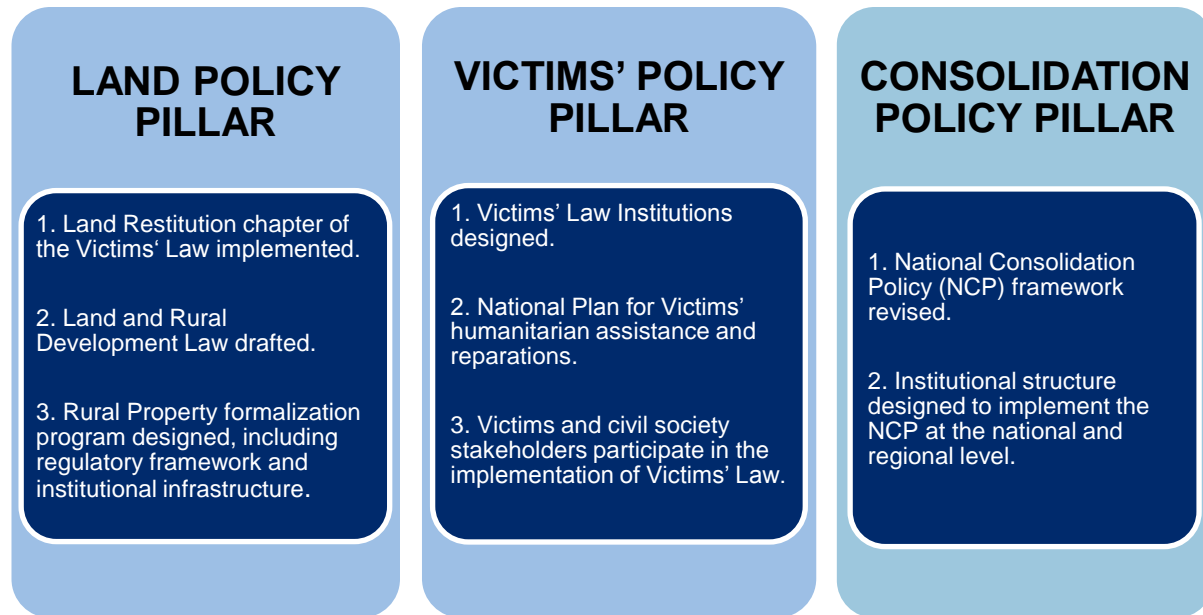
During this quarter the Program also supported the development of criteria and a policy instrument designed to determine when victims cease their condition of vulnerability and are no longer entitled to humanitarian assistance.

The Government of Colombia also continued to establish regional offices of the Special Administrative Unit for Territorial Consolidation and Reconstruction (Consolidation Unit) throughout 51 consolidation municipalities. The Public Policy Program has provided support to strengthen the Unit's strategic planning activities and design, procurement procedures, planning and capacity to interact with different ministries to make GOC service supply in consolidation zones more responsive to the needs of the population in these zones. The Program has also provided support for the drafting of the Consolidation CONPES document and the development of the Consolidation Regional Action Plans. The Program also provided support to establish linkages between the action plans and the CONPES document.

In terms of improved regional coordination, the Public Policy Program worked closely with the Consolidation Unit, the Victims' Unit, the Land Restitution Unit, INCODER and DNP to mainstream key GOC policies in the development plans of strategic municipalities and departments. In parallel with this support, the Program has coordinated with other USAID programs to provide assistance to USAID's Afro-Colombian and Indigenous Program (ACIP) and Consolidated and Enhanced Livelihoods Initiative (CELI) municipalities and departments to leverage funds from the royalties from extractive industries funds and develop the basis of *Contratos-Plans* in some regions where USAID has presence.

**To respond effectively to the urgent needs of the GOC, the Public Policy Program received a contract modification from USAID on March 1, 2012. In Q6, the Program began focusing its capacity building and technical assistance to support the key pillars of the GOC Strategy: Land Policy, Victims Policy, and Consolidation Policy.** A critical element of Program technical assistance in all these areas is the integration of implementation and budgeting of the three policies at the regional level. The Program will continue to support the creation and strengthening of key national institutions in support of the GOC strategy and development of key policy frameworks and their programmatic design at the national level.

The approach provides focus for strategic interventions and ensures synergies across a wide range of requirements of the GOC as well as with USAID priorities and regional programs. The Program will support a number of cross cutting issues that are critical to achievement of results in each pillar to ensure integration of policy implementation at the regional level: mechanisms for budgeting and coordination at the territorial level; sustainable livelihoods and access to finance; environment, biodiversity and climate change; and gender. Knowledge management will also have a critical role not only in producing strategic communications related to GOC policy reform agenda or on Program achievements, but also in building a knowledge base, for internal and external audiences, regarding the processes and methods used to achieve public policy innovation and ambitious legal and institutional change in Colombia that can inform reform in other conflict and post conflict environments.



## COMPONENT I: LAND POLICY

The USAID Public Policy Program continued to provide technical assistance in Q6 to the Ministry of Agriculture and Rural Development (MARD), the Special Administrative Unit for Management of Land Restitution (Land Restitution Unit), the Office of the President, the National Planning Department, and the Colombian Institute for Rural Development (INCODER). The Program's team undertook a technical revision of the Land and Rural Development Law; continued to support the reform of INCODER and the Ministry of Agriculture and Rural Development (MARD); designed Land Formalization Pilot Programs and campaigns, fortified the Land Restitution Unit by designing a staffing plan, assisting in recruitment, and initiating a security strategy design; and proposed an income generation model that complements MARD's regionally-focused rural development strategy. These reforms are important milestones for the Government of Colombia (GOC) objectives.<sup>1</sup>

In Q7, the Program will focus on regional implementation of two Rural Development Pilot Programs in Montes de María and Sur de Tolima. Additionally, the Program will continue to support the Land and Rural Development Law by strengthening language in the bill related to gender equity and environment.<sup>2</sup> The Program will support start-up and implementation activities of the newly-created Land Restitution Unit (LRU), the decrees reforming INCODER, and the reform of GOC rural income generation programs and subsidies programs. The Land Policy Component activity timeline has been front-loaded in order to be responsive to existing windows of opportunity and political momentum created by the Colombian government, specifically the income generation program within the Land Restitution Unit.

<sup>1</sup> a) Formalizing and protecting the property of families with small landholdings; b) Reinstating property to victims of land seizure by illegally armed groups; c) Providing access to prime arable land through more efficient land markets and well-designed subsidies to poor landless farmers and conflict-affected populations; and, d) Designing a comprehensive rural development policy to generate sustainable livelihoods and income opportunities for restituted and other rural communities, including those living in Consolidation Areas.

<sup>2</sup> The Land and Rural Development Law, which was originally to be submitted to Congress in March 2012, will now be submitted in July 2012 in order to accommodate consultation with ethnic communities.

## Synergies with other components and USAID Programs

As land issues are crosscutting and their resolution is fundamental to advancement in other Program technical areas, we carefully coordinate with other Components.

**Access to Financial Services:** The Land Policy Component coordinated with the Access to Financial Services Component in efforts to encourage the GOC to authorize the use of specific mobile banking technology to benefit poor and rural populations.

**Policies towards Vulnerable Populations:** The Land Policy Component supported the implementation of GOC policies and programs designed to provide reparations to victims through land restitution and income generation projects in rural areas, including a decree for assistance and reparations for conflict-affected ethnic communities.

**Support for Decentralization and Improved Public and Economic Management:** The Land Policy Component provided inputs to departmental and municipal development plans, particularly in consolidation areas, to ensure that land and rural development issues are incorporated in accordance with the new GOC policies. The Component also worked closely with the Special Administrative Unit for Territorial Consolidation and Reconstruction (Consolidation Unit), MARD, and INCODER to ensure policy alignment for territorial implementation in consolidation zones.

**Cross-Cutting Work with USAID Implementers:** Following USAID's technical lead, the Component developed indicators and guidelines to evaluate national land and rural development policy implementation. This work will support the improvement of public service delivery in regions with historically weak state presence (such as consolidation areas). The Program is also working to identify the need for public goods and to structure and develop an income generation model for each pilot region. The Program coordinates with the following USAID Programs: Consolidation and Enhanced Livelihoods Initiative (CELI) Montes de María, CELI Central, CELI North-South, and Afro-Colombian and Indigenous Program (ACIP).

## MAJOR ACCOMPLISHMENT

### **Virtual module for a training course for land restitution judges designed.**

Between October 2011 and March 2012, USAID, through the Public Policy Program, Access to Justice Program, and the International Organization on Migration (IOM), supported the *Escuela Judicial Rodrigo Lara Bonilla* in the design of a course on land restitution and formalization. The *Escuela Judicial Rodrigo Lara Bonilla* trains all the judges in Colombia. Those who will serve as restitution judges or magistrates must complete this training before they begin hearing cases.





The USAID Public Policy Program supported the design of a didactic methodology as well as an online virtual course for the training. Students can enter the portal using an assigned username and password; there, they can view videos, download sample cases and texts, and upload their responses to the cases which are evaluated by the instructors. The judges who complete this class are already practicing judges with extensive training and experience. However, since the Victims' and Land Restitution Law/Law 1448 of 2011 (Victims' Law) requires specialized knowledge of land restitution and formalization procedures, the training will better prepare them to take on this new role.



Photo: USAID Public Policy Program

## RESULTS AND ACTIVITIES

### 1.1. Land Restitution Policies developed and implemented; GOC capacity to administer a land restitution program strengthened

As mentioned in the major accomplishment section of this report, the Program supported the design and teaching methodology of a virtual class for land restitution judges and magistrates.

#### Support for Implementation of the Victims' Law

The Victims' and Land Restitution Law/Law 1448 of 2011 (the Victims' Law), issued June 10, 2011, ordered the Government of Colombia (GOC) to adopt all necessary measures to implement the new land restitution system within six months. Since the GOC had to assume this responsibility without adequate resources, international cooperation has become indispensable to supporting additional regulation and institutional readiness.

#### Land Restitution Unit Strengthened.

The Land Restitution Unit (LRU) was created on December 20, 2011. However, the GOC continues to address administrative and budgetary issues to ensure its effective implementation. The Program is providing technical assistance in the selection of strategic regional personnel for the Unit. During Q6,

the Program initiated the development of a personnel selection process manual for the LRU and will participate in regional interviews with selected candidates.

During Q6, the Program coordinated regular meetings between the Land Restitution Unit and the Special Administrative Unit for the Integral Victims' Assistance and Reparations (Victims' Unit) to exchange information and define guidelines for local and regional authorities to use in the design of their local development and action plans. This work aimed to ensure local authorities (mayors, governors) properly identified their responsibilities in relation to land restitution for victims as well as other reparations and assistance measures in their Departmental and Municipal Development Plans for 2012-2015. This work also strengthened the Unit's coordination mechanisms with local authorities regarding return, rural housing, productive initiatives, and debt relief services.

**Increased Security for Restitution.**

While the responsibility for land restitution security falls with the Ministry of Defense, the Land Restitution Unit has also conducted its own security assessment in order to structure a protocol that will protect Land Restitution Officials, the Unit's confidential information, and its regional offices. The USAID Public Policy Program accordingly led the initial security assessment. To date, the Program has completed a detailed analysis of the threats to land claimants reported to the Land Restitution Unit between June 2010 and March 2012. While the study's findings are yet inconclusive, they allowed the government to reconsider the principal actors threatening land restitution security.

**Restitution under the Victims' Law and Justice and Peace Law evaluated.**

Given that the Victims' Law is in the initial stages of implementation, and the Justice and Peace Law is under revision, a window of opportunity arose to harmonize the two laws in regards to land restitution. Therefore, the Program utilized an expert in transitional justice to conduct a study comparing and contrasting restitution procedures under the Justice and Peace Law versus those under the Victims' Law. The Program held a workshop with GOC officials from MARD and the Prosecutor General's office in order to disseminate the study's findings. The study is the first of its kind to systematically analyze the two restitution mechanisms as integral parts of a single transitional justice system, and the Program found that the two parallel frameworks may provide different outcomes for restitution. The laws differ with respect to the issue of good faith demonstrated by the current owner of disputed land. Under the Justice and Peace Law, if the current owner proves he purchased the seized land in good faith, his property rights cannot be revoked and the land cannot be restituted to the victim. Under the Victims' Law, if the current owner proves good faith free of guilt, his property will be restituted to the victim and he will receive monetary compensation. As a result of this important realization, the Prosecutor General of Colombia has decided to take measures to harmonize the two laws.

***Performance Standards Achieved:***

- Policy instruments: manual and guidelines for training methodology.

***Additional deliverables:***

- Develop the methodology for capacity building of judges for restitution processes. (refers to Work Plan Year 2)

**I.2. Land and Rural Development Law drafted**

At the request of the Minister of Agriculture, during Q6 the USAID Public Policy Program met with the GOC on numerous occasions to review the Land and Rural Development Bill. The Program proposed

changes to the draft law in the areas of gender equity and environment and provided general observations and suggestions to strengthen the law.

The Program also hired a gender expert to review the Land and Rural Development Bill. The expert found that the bill was neutral in terms of gender, instead of taking a gender mainstreaming approach. The gender approach should mirror the way that territorial implementation is incorporated throughout the bill, instead of being addressed as an isolated issue. The Program identified the following four issues as major areas of criticism for the bill: (1) There should be stronger participation mechanisms for women at the local and national level in institutional decisions that affect rural development; (2) Obstacles for women to access rural services must be removed; (3) GOC technical assistance should address gender-specific activities and concerns (i.e. food security vs. large productive projects); and (4) The time and effort women put into taking care of others and their homes should form part of budgetary decision-making. Results were presented to MARD, and as a result MARD requested follow-on technical assistance from the Public Policy Program to identify ways to mainstream gender into the draft law.

#### **Sustainable Livelihoods Policy Framework**

In order to ensure sustainable implementation of the land and rural development policy, the Government of Colombia requires institutions with clear and appropriate roles, able to provide technical assistance, public goods, income generation opportunities, support to business plans related to rural business, city-region plans, commerce and export, and tax regulation review.

The Colombian government is currently contemplating a tax reform that is expected to provide companies in the agricultural industry with tax incentives to increase formal labor (i.e., full time employees with benefits) and to use new technology. The Program hired a team of two lawyers and a tax expert to investigate the impact this reform could have on the agricultural sector's labor market, including major subsectors like palm and rice producers.

#### **Income Generation Guidelines supported.**

In order to ensure a sustainable land policy, it is important that the focus population has access to opportunities for income generation. The rural development policy must consider not only the needs of the individuals/families that return to their land, but also the needs of those families that stayed on the land and resisted the conflict. Otherwise, the conflict situation could intensify.

During the quarter the Program continued to support rural income generation initiatives, providing technical assistance to the GOC in the following areas:

- **Public Programs Available.** The Program conducted a study of the rural public income generation services by interviewing four entities (DPS, MARD, INCODER and SENA) in order to analyze each of their income generation programs (14 in totals). For each program, the study identified objectives, components, services, target population, coverage, entry requirements, regional coordination, and access barriers.
- **Rural Income Generation Plan.** The Program designed a preliminary income generation plan for rural areas and for the Network for Extreme Poverty (UNIDOS) beneficiaries.
- **Survey Format Developed.** The Program designed a form (and instruction manual for its use) to collect productive profile information for the UNIDOS population in Chaparral (Tolima).
- **DNP Briefing.** The Program shared an innovative rural income generation model, developed under a USAID program in Peru, with the National Planning Department's Rural Development Directorate.

### 1.3 Rural property formalization program designed, including regulatory framework and institutional infrastructure

The USAID Public Policy Program continued to support MARD's Rural Property Formalization Program in the sixth quarter. The Program designed and led a communications campaign for the Formalization Program, participating in the launch of the program in the South (Valle, Cauca, Nariño, Huila) and the Central-East (Cundinamarca, Boyacá, Meta, Tolima, Casanare, Vichada) regions of Colombia. This campaign worked to build the population's awareness regarding the benefits of formalization and overcoming barriers to entering formalization processes.



Beneficiary of the Land Formalization Program, December 3, 2011 Popayán (Cauca)  
Photo: USAID Public Policy Program

### 1.4 Land Policy Component Support Activities

In Q6, the Land Component produced 10 weekly intelligence reports in the areas of restitution, land access and formalization, rural development and sustainable livelihoods, consolidation, victims, financial reform, security and environment. The component also produced a briefer on the relationship between land and rural development policy and the environment.

#### ***Performance Standards Achieved:***

- 10 weekly reports, containing updates on the component's activities, key events, and news.

#### ***Additional Deliverables***

- Briefer on Land and Rural Development and Environment.

### CHALLENGES

The land and rural development sector has experienced important changes this quarter. A main challenge facing the Program is to support the new director of INCODER in the Institute's reform. Additionally the Program will focus efforts on strengthening the inclusion of gender issues and environmental concerns in the Land and Rural Development Bill. While progress has been made in coordination between the Land Restitution Unit and other GOC entities, further work is needed. The Program will also make special efforts to identify qualified professionals for the Land Restitution Unit who are sensitive to land and victims' issues. Challenges for income generation program implementation include: institutional coordination at the national and regional level, defining INCODER's role at the regional level, and designing a strategy to replicate and scale-up the Chaparral pilot initiative in the Southern Tolima and Montes de María regions.

### SEVENTH QUARTER PRIORITIES

During the Seventh Quarter the Program will provide assistance to the Department for Social Prosperity (DPS), INCODER, MARD and the Land Restitution Unit (LRU) in the design of an income generation strategy. The Program will continue to support the recruitment process for LRU. The

Program will hire gender and environmental experts to evaluate the draft Land and Rural Development Law.

## SUMMARY OF PERFORMANCE STANDARDS

Task	Milestones	Performance Standards
<b>1.4.2 Design training methodology and materials</b>	Training manuals for officials and judges	- Policy instruments: manual and guidelines for training methodology
<b>1.8.1 Strategic communication</b>	Write weekly reports with updates, events, and news concerning the Land and Rural Development component	- 10 weekly reports

## COMPONENT 2: ACCESS TO FINANCE

The USAID Public Policy Program continued to provide technical assistance in Q6 to the Ministry of Finance, *Banca de las Oportunidades*, Business Superintendence, and the Financial Superintendence. The Program's team supported the development of the E-Money Law, the presentation of the results of the mobile banking pilot, recommendations to modify interest rate caps, the presentation of the Secured Financing Bill as well as the policy instrument to promote new credits for flood-affected populations, and institutional reform in Banco Agrario to improve quality of its microfinance credit portfolio. These reforms are important milestones for the Government of Colombia (GOC) objectives of: a) Promoting financial inclusion; b) Expanding financial networks towards rural populations; c) Implementing financial products adapted to the needs of victims and vulnerable populations; and, d) Designing a comprehensive financial expansion program to generate sustainable livelihoods and income opportunities for those living in Consolidation Municipalities.

In Q7, the Program will continue to support initiatives related to the GOC's Financial Inclusion Policy, including generating advocacy in favor of the E-Money Bill to be submitted to Congress in April 2012, providing recommendation to improve liquidity management in rural areas, and supporting the design and implementation of policy instruments to promote the expansion of new financial products (agricultural and housing improvement microcredit). Accesses to Finance activities have been front-loaded in order to be responsive to the design of policy instruments and facilitate access to financial services for victims and vulnerable populations. The Component will work in coordination with the GOC's Consolidation Unit, USAID Regional Programs, and the Afro-Colombian and Indigenous Program (ACIP) in order to support the expansion of formal financial services in consolidation municipalities.

### Synergies with other components and USAID Programs

As access to financial services issues are crosscutting and their resolution is fundamental to advancement in other technical areas, Access to Finance carefully coordinates with the other Program areas:

**Land Policy:** There is a need to expand financial services in underserved rural areas and improve agriculture finance assistance to allow small-scale farmers to increase agricultural activities and generate licit livelihoods. The Program will continue assisting the GOC in reforming secured transactions and advising on improvements to calculate interest rate caps; supporting the development of innovative



financial networks, such as mobile banking to reach rural areas; and solving bottlenecks such as liquidity management to facilitate the expansion of banking agents.

In Q7, the Access to Finance Component will work closely with the Land Policy Component to reform GOC agriculture finance institutions in order to promote the expansion of financial networks to rural areas and the development of a more diverse offering of financial services to respond to the growing demand for agriculture finance in Colombia.

**Policies toward Vulnerable Populations:** Access to financial services is essential for victims with restituted lands to finance income generation startups and make full use of their restituted properties. Therefore, the Program is supporting the GOC in the design of policies aimed to facilitate access to financial services for victims – savings, credit and insurance – and promote synergies between the GOC's *Banca de Oportunidades* and USAID/ACIP to expand financial networks and the supply of financial services that meet the needs of Afro-Colombians and indigenous communities.

**Support for Decentralization and Improved Public and Economic Management:** Access to financial services contributes to the recovery of regions that were under control of illegally-armed groups by allowing communities to enjoy the presence of financial institutions and new financial services, including payments and mobile banking. The Program will continue generating synergies and coordination mechanisms with GOC agencies, such as *Banca de las Oportunidades* and the Consolidation Unit, as well as supporting regional USAID programs in designing and implementing microfinance programs for expanding access to financial services.

## MAJOR ACCOMPLISHMENTS

### **Socialization of the Secured Financing Draft Bill supported.**

The Secured Financing Draft Bill was presented to Congress on March 16.<sup>3</sup> The Program supported the GOC in the drafting of the bill and in organizing a seminar to present the bill to key stakeholders, such as Small and Medium Sized Enterprises (SMEs), financial institutions, and members of Congress, and explained how a modern secured financing regime would facilitate and expand access to credit. The Program brought international experts from the *National Law Center for Inter-American Free Trade* and the *Louisiana State University Law Center* to attend and present at the Seminar.



Seminar on Financial Access.

Photo: Ministry of Agriculture and Rural Development

### **Assistance for Socialization of the Guarantee to support new loans for flood-affected populations.**

As a result of the heavy rainy season that Colombia suffered during the last two years, many micro and small entrepreneurs as well as low-income families suffered material losses—not only in their homes, but also in their businesses. In order to support this population, the Program supported the design of government-financed collateral to be promoted by *Banca de las Oportunidades* and the National Guarantees Fund (FNG) to ensure that flood-affected population continues to enjoy access to loans to

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<sup>3</sup> Proyecto de ley no. 200 de 2012 senado “Por la cual se promueve el acceso al crédito y se dictan normas sobre garantías mobiliarias”.

rebuild their homes and keep their businesses running. In January, The FNG issued a Circular Note<sup>4</sup> addressed to the financial system, reporting the conditions of the guarantee. The Program also supported a workshop with financial institutions to explain the operation of this financial product.

### The study of the effects of interest rate caps on access to credit presented to the Ministry of Finance and the Financial Superintendence

The Program presented the results of a study of the effects of interest rate caps on access to credit and provided recommendations to improve and modify the calculation of interest rate caps. The study concluded that the bottom of the pyramid has gained access to credit when interest rates have risen. It also proposed a change in the way in which the interest rate cap is currently calculated, averaging all the loans except corporate and treasury credits which distort the average. The results of the study were presented to the Vice minister of Finance and the Financial Superintendent. In April, the study will be presented to the Ministry of Finance.

## RESULTS AND ACTIVITIES

### 2.1: Guarantee Requirements and Collateral Regime Reformed

The Secured Financing Draft Bill was submitted to Congress in March. It is expected that the law will be approved by June 2012. The Program will continue supporting the GOC by advocating on behalf of the law.

#### *Performance Standards Achieved:*

- One Seminar on Financial Access: March 8.



### 2.2: Reform of Interest Rate Caps



Presentation to expert group on interest rate caps  
 Photo: USAID Public Policy Program

The Program concluded the study of the effects of interest rate caps on access to credit and made important recommendations to improve the way in which the caps are determined. The study was presented to the GOC as well as to a group of experts from the Central Bank, the National Association of Financial Institutions (ANIF), and the Latin American Development Bank (CAF), among others, who made important contributions to its findings. It will be presented to the Minister of Finance in the coming weeks. The program will support a workshop with financial institutions in Q7 to disseminate the results of the study.

<sup>4</sup> Circular Normativa Externa No. 001 de 2012 Programa Especial de Garantía Banca de las Oportunidades – Damnificados Ola Invernal. The Circular is a formal legal document that can be used to inform commercial Banks regarding implementation of GOC decision-making.

**Performance Standard Achieved:**

- One Study about interest rate caps.

**2.3: Taxes and Cost of Financial Services in Rural Areas Reduced**

The Program continued to assess the GOC's promotion of the development and spread of innovative financial networks in order to support financial inclusion and formalization. The major areas of Q6 technical assistance were:

- E-Money Draft Bill
- Regulation regarding mobile banking technologies
- Mobile banking pilot with *Familias en Acción* beneficiaries
- Field study regarding liquidity management
- Policy instrument to promote E-Transactions

**E-Money Draft Bill supported.**

During Q6, the Ministry of Finance (MOF) presented the E-Money Draft Bill to stakeholders: primarily telecommunications companies (Telcos), and cash transfer and money wiring shops and, local remittances companies. These stakeholders requested changes to some of the Bill's proposals. The Program analyzed the relevance and convenience of the requested changes, made recommendations, and drafted proposals that modified selected articles of the bill. The GOC should submit the bill in the coming weeks.

**Regulation regarding mobile banking technologies supported.**

The GOC had considered banning the use of Unstructured Supplementary Service Data (USSD), session-based mobile phone technology due to fear that mobile phone transactions using this technology would be insecure. However, USSD enables individuals with outdated and inexpensive cell phones to take advantage of mobile banking, is easy to use, and is less expensive for banks. The Program reported to Financial Superintendence on the secure use of this technology in many developing countries without major security breaches, and in Colombia by Banco Agrario to transfer *Familias en Acción* subsidies. After significant discussion, the GOC has decided to exempt the use of strong encryption mechanisms in monetary transactions up to US\$640, thereby permitting the use of USSD for these operations. This policy will encourage mobile banking and facilitate financial inclusion for rural and poor populations who use this technology. Based on this evidence, the Financial Superintendence requested the Program's support in drafting a section of Circular 52 to update regulation regarding this issue. The draft document is available on the Superintendency's website for stakeholder comments.

**Mobile banking pilot with *Familias en Acción* Beneficiaries supported.**

The Program supported the Department of Social Prosperity and *Banca de las Oportunidades (BDO)* in presenting the results of the mobile banking pilot to the financial institutions in a workshop held on February 24. Twelve banks, payment network companies, telecommunications companies (Telcos), and GOC officials attended the workshop. The pilot tested products, technologies, telcos, back office and front office procedures:

- Two products: E-Wallet and savings account.
- Two technologies: STK-SimToolKit (*Banco Davivienda, Banco AV Villas, Banco Popular*) and USSD (*Banco Agrario*).
- Three mobile operators: Comcel (*Banco Davivienda, Banco AV Villas, Banco Popular*), Tigo (*Banco Davivienda and Banco Popular*) and Movistar (*Banco Agrario*).



- Two payment networks: Redeban, an open network (*Banco Davivienda, Banco AV Villas, Banco Popular*) and Carvajal Technology, a closed network (*Banco Agrario*).
- Two withdrawal mechanisms: ATMs (the four banks) and banking agents (*Banco Agrario*).

**Field study on liquidity management supported.**

Banking agents have successfully expanded financial coverage to rural areas. This growth has generated high risks and high costs of cash transportation for banks, which has become an obstacle to further expanding this channel. The Program is advising the GOC in developing efficient liquidity management and clearing mechanisms to facilitate expanding financial services in rural areas. The Program began developing a field study that will provide information about how cash is managed in rural areas and promote understanding on the logic of cash flow in Colombia. The results and recommendations of the study will be ready in Q7.

**Policy instrument to promote E-Transactions in development.**

The implementation of E-Deposits and E-Money requires the development of technology, networks and adequate financial products. Therefore, the Program is advising the Ministry of Finance and *Banca de las Oportunidades (BDO)* in the design of an incentive to promote E-Transactions. The Program proposed a policy instrument called the "Challenge Fund," which has been successfully implemented in England and Africa and in Latin America by the Technology Fund for Financial inclusion funded by the Inter-American Development Bank's Multilateral Investment Fund. The proposal was approved by the BDO's Board of Directors in March.

**Performance Standards Achieved:**

- Workshop on mobile banking pilot results (February 24).

**2.4: Small Savings Collection Encouraged**

The Program continued to assess the GOC's promotion of the development of policy instruments to promote small savings in rural areas and within vulnerable populations. The major areas of Q6 technical assistance were:

- Promotion of a savings culture.
- Design of incentive schemes to encourage microsavings within vulnerable populations.
- Promotion of small savings accounts for *Familias en Acción* beneficiaries.

**Incentive scheme to encourage microsavings within vulnerable populations designed.**

In 2009, BDO implemented a Savings and Credit Groups (SCG) pilot, which has successfully encouraged savings among its members, mainly in Choco and Bolivar. However, the success of the methodology has resulted in the accumulation of large sums of money (USD \$2,500 or more) in the SCG savings boxes, thus creating the risk of theft. The Program is advising on the design of a mechanism for "graduating" these groups to the financial system by promoting the savings of SCG in a bank, where their savings will be safe. During Q6, the Program visited SCG in three municipalities of Chocó (Condoto, Itsmina, and Quibdó), examining the effectiveness of the SCG methodology for creating a savings culture among vulnerable populations in rural areas. The populations expressed their fear of saving in a bank due to high costs of the savings accounts (management fees and financial transaction taxes) and the long lines to deposit or withdraw (*Banco Agrario*). In Q7, the Program will support the design of the graduation process by promoting the involvement of banks with appropriate savings products.

**Small savings accounts for *Familias en Acción* beneficiaries promoted.** The Department of Social Prosperity (DPS) signed a contract with *Banco Agrario* to pay subsidies to *Familias en Acción* in

February 2009 to provide saving accounts and make financial transactions to 2.3 million families. The contract ended in February 2011 but the date has since been extended and the DPS must select a new financial institution to continue making these payments. To improve the payment of subsidies and achieve true financial inclusion, the Program advised DPS and BDO on the development of new products such as E-Wallets and savings accounts with other commercial banks through mobile banking (section 2.3). The Program helped develop requirements for the bid to award the payment of subsidies, including measures to encourage competition among banks, promote reduction of transaction costs, and improve the products to be offered to the target population.

***Performance Standards Achieved:***

- One Policy Instrument (Scheme to pay subsidies for beneficiaries of *Familias en Acción*).

## **2.6: Banco Agrario modernized**

*Banco Agrario* plays a key role in providing access to finance in rural Colombia and to agriculture finance in general. It expands access to financial services by making products available that are suitable for informal and low-income rural populations via **700+** branches. However, its current legal nature and operational procedures create bottlenecks and weaknesses which must be resolved to make the bank efficient and to have a greater impact in the rural sector. During Q6, the Program continued assessing the Bank in two areas:

- Improve the Bank's governance.
- Expansion of microfinance products.

**Bank's governance improved.**

The Program began an assessment to improve the Bank's governance and made a preliminary diagnostic of the Bank's situation. However, the Bank's President is in the process of obtaining authorization from the Ministers of Finance and Agriculture and from President Santos to sell some shares to private investors and requested the Program to suspend the assessment until this decision is made.

**Microfinance products expansion protected.**

The quality of the bank's microcredit portfolio deteriorated in 2011, reflected by the increase of the Portfolio at Risk (PAR30) which reached 10%. The bank had to write off bad debt at the end of the year. In order to prevent further portfolio deterioration, in Q6 the Program proposed an emergency plan to correct the causes of portfolio deterioration. As a result, the Bank prepared an internal Circular (official communication) regulating that microcredit will no longer be offered in, nor will bank representative be sent to, where the bank does not have official presence.<sup>5</sup> The Component will continue to support the Bank's modernization and reform in order to ensure proper implementation of Colombia's agricultural financial system which is also undergoing a modernization process.

***Performance Standards Achieved:***

- One Institutional Reform.

## **2.7: Increased supply of credit, insurance, payments and transfers to vulnerable populations**

One of the GOC's priorities is expanding access to financial services for populations that are in extreme poverty (Red Unidos) or vulnerable (primarily victims, Afro-Colombians and indigenous groups). For this

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<sup>5</sup> Circular Reglamentaria CM-CR-019, 16-02-2012.

reason, the USAID Public Policy Program is providing technical assistance to BDO, DPS, and the High Commissioner for Prosperity in developing policy instruments and incentives to promote the implementation of financial products specially designed to meet the needs of these populations. During Q6, the Program provided technical assistance in:

- Promotion of Savings and Credits Groups
- Developing regulation to facilitate access to financial services for Afro-Colombians.
- Developing a Financial Inclusion Report.
- Relax financial guarantees security requirements for flood-affected populations.

#### **Savings and Credits Groups (SCGs) promoted.**

To promote a savings culture among vulnerable populations, Afro-Colombians and indigenous people, the Program supported the BDO in developing an incentive to increase the number of operators trained in the methodology of self-managed SCGs. The incentive consists in providing technical assistance in product design and implementation through an international expert with experience implementing this methodology in other countries. Though assistance is free, the NGOs must compete for it, and commit to achieving SCG goals (in number of clients). BDO opened a call for bids to hire an international expert; the award will be announced in April.<sup>6</sup>

**Regulation to facilitate access to financial services for Afro-Colombians in development.** During Q6 the Program proposed articles to promote access to financial services for Afro-Colombians on the Draft Bill for Equal Opportunities for Afro-Colombians. The proposal was sent to the Ministry of Justice (MOJ).

#### **Financial Inclusion Report.**

This report will provide information to the GOC to measure the impact of the financial inclusion policy, monitor its implementation, compare Colombia with other countries using internationally comparable indicators, and make policy decisions. The Program continued to advise the Financial Superintendence and BDO by reviewing the proposed indicators as well as the contents of the report, which will be released shortly.

#### **Implementation of financial services for the flood-affected population:**

During Q6, the Program advised BDO and FNG in the implementation of a policy instrument to support financial products for flood-affected persons, which was later issued in January.<sup>7</sup> The policy instrument was drafted and issued and a workshop was organized.

#### ***Performance Standards Achieved:***

- One Policy Instrument (Call for bids # 49)
- One Law (Draft Bill Equal Opportunities for Afro-Colombians)
- One Policy Instrument (Circular 001/2012, *Fondo Nacional de Garantías*)
- One Workshop (January 25, 2012)

## **2.8: Financial products expanded in consolidation zones (new activity)**

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<sup>6</sup> Call for bids #49 “*Terms of reference for hiring a consultant/technical assistant to transfer the methodology of Self-managed Savings and Credit Groups to new operators*,” January 26, 2012.

<sup>7</sup> Circular Normativa Externa No. 001 de 2012 Programa Especial de Garantía Banca de las Oportunidades – Damnificados Ola Invernal.

Access to financial services is considered a public good, which makes it part of the income generation strategy considered by the GOC in its National Consolidation Policy. The goals in consolidation municipalities are associated with a process that involves economic reconstruction. Illegal control of the territory has discouraged economic integration of these areas in domestic and foreign markets. Therefore, local economies were kept in an environment of uncertainty, survival, and lacked the possibility of financial accumulation, investment or savings. The possibility of using sustainable formal financial services requires the presence of financial institutions in the consolidation municipalities, as well as the development of products tailored to their populations. Increasing the offer of financial services in the consolidation municipalities will contribute to the consolidation process and its sustainability. During Q6, the Program provided technical assistance in:

- Developing access to financial services for consolidation municipalities.
- Designing programs to expand financial services in USAID targeted regions.

**Financial services for consolidation municipalities in development.** The Program assessed the Special Administrative Unit for Territorial Consolidation and Reconstruction (Consolidation Unit) in the design of a strategy to expand financial services for consolidation municipalities. The strategy is oriented to creating conditions for increasing access to financial services provided by the formal financial system (banks, cooperatives, microfinance NGOs), which includes access to credit, transfers, payments, savings, and insurance. The Program also proposed the access to financial services section of the National Consolidation Policy CONPES document (GOC white paper) which will be issued in Q7.



Interview with a strawberry small producer at Vereda La Cabrera, an hour's distance from Pasto. February 2012.  
 Photo: USAID Public Policy Program

#### **Programs to expand financial services in USAID targeted regions in development.**

The Program worked with USAID regional CELI implementers (North-South, Central, and Montes de Maria) to assess access to finance programs in the regions where they operate. The assessments determined work plans to increase access in the regions with associated budgets and requirements. The Program brought USAID to Nariño in February to explore how finance programs can reach rural areas. In the case of CELI North-South, the diagnostic of financial services was carried out in 13 municipalities. Additionally, the Program held meetings with Bancamía and Opportunity International, to ascertain their interest in receiving technical assistance to expand their presence towards consolidation municipalities. Both financial institutions are quite interested.

#### ***Performance Standards Achieved:***

- One white paper (CONPES Document), containing the Access to Financial Services Policy in consolidation municipalities.

## **CHALLENGES**

While the Program is supporting the implementation of finance programs in municipalities covered by the USAID Regional Projects, one main challenge is coordinating with these projects with other entities such as the new GOC Consolidation Unit and BDO. To improve coordination between the Consolidation Unit, BDO, and the USAID Regional Projects, the Public Policy Program will continue to help design synergies between these agencies. The Program will also support coordination MARD policymaking on financial inclusion and BDO and DPS implementation.

Rural livelihoods require a strong, reformed Agricultural Financial System. A major challenge is strengthening Banco Agrario's commitment to improving its governance and expanding financial products in rural areas. GOC has also requested Program support to improve the system in the areas of financial intermediation, capital markets, and insurance products.

## SEVENTH QUARTER PRIORITIES

During Q7, the Program will continue providing technical assistance to the GOC for expanding financial networks as well as financial products. Since access to financial services is a crosscutting issue, the Program will continue assessing BDO, MOF, and other GOC agencies to promote the implementation of policy instruments that will facilitate the availability of financial services in rural areas (Land Pillar), consolidation municipalities (Consolidation Pillar and USAID Regional Programs), and for victims (Victims Pillar), vulnerable populations and ethnic groups (USAID ACIP).

The Program will provide ongoing support to the MOF and BDO in the modification of interest rate caps, on finalizing the E-Money bill, and in generating advocacy in favor of the bill amongst stakeholders. The Program will also continue developing the field study of liquidity management and the design of a "Challenge Fund" to promote E-transactions among informal micro entrepreneurs.

One of the priorities during Q7 will be to continue working closely with USAID Regional Programs in order to promote financial inclusion in municipalities covered by these programs. The main activities will be to assess the access to financial services, develop financial inclusion strategies and develop detailed actions plans and negotiate with financial institutions to expand their operations to the municipalities in exchange for the technical assistance offered to them by the USAID Regional Programs.

## SUMMARY OF PERFORMANCE STANDARDS

Task	Milestones	Performance Standards
2.1.1 Assist the GOC in reforming civil and commercial Codes	Report on benefits/challenges of improved collateral regime. Draft updated proposal reforming the Civil, Commercial & Civil Procedures Codes.	– One Seminar: New forms for accessing to loans, March 7/12.
2.3.1 Assist the GOC to implement new distribution channels: mobile banking and/or electronic wallets.	Implementation of mobile banking and/or electronic wallets.	– One Workshop: Presentation of results of mobile banking pilot with <i>Familias en Acción</i> , February 24, 2012.
2.4.3 Promote small savings accounts for <i>Familias en Acción</i> beneficiaries.	Ongoing support for scheme to promote small savings for beneficiaries of <i>Familias en Acción</i> ; ongoing support for scheme to pay subsidies for beneficiaries of <i>Familias en Acción</i> .	– I Policy instrument: scheme to pay subsidies for beneficiaries of <i>Familias en Acción</i> .
2.6.2 Support the expansion	Recommendations on portfolio	– One Institutional Reform (Circular



Task	Milestones	Performance Standards
of microfinance products	management and back office procedures to meet international benchmarks	CM-CR-019, 16-02-2012).
2.7.5 Support the development of financial products for Afro-Colombians and indigenous population.	Ongoing support for design of financial instruments to increase financial presence and financial services in regions w/Afro-Colombian Populations.	– One Law: Draft Bill Equal opportunities for afro Colombians. <sup>8</sup> – One Policy Instrument: Call for bids # 49.
2.7.8 Assist in developing regulation and policies to alleviate flood impact on financial situation of population affected	Ongoing support for design of instrument to facilitate lending to populations affected by the flooding natural disaster.	– One workshop, January 25, 2012
New Activities (Work Plan Year 2)		
2.8. Financial products expanded in consolidation municipalities (new activity).	Assess the CELI and ACIP projects in the implementation of programs to expand access to financial services in the priority municipalities.	– I input to CONPES (Draft).

### COMPONENT 3: POLICIES TOWARD VULNERABLE POPULATIONS

The Policies toward Vulnerable Populations Component provides technical assistance to the Government of Colombia (GOC) on the implementation of the Victims' and Land Restitution Law/Law 1448 of 2011 (Victims' Law). The Component aims to improve institutional capacity to provide emergency relief, integral assistance, and reparations to victims, including Internally Displaced Persons (IDPs). The Program ensures that GOC programs invest in the improvement of public service delivery on the local level by providing recommendations on the development of a territorial approach.

Specifically, in Q6 the Component supported the design of policy instruments to ensure a flexible government response to victims' needs and to support the creation of an institutional structure that can properly assess and respond to the specific needs of victims, Afro-Colombians, and indigenous persons. The Program also supported the design of public policy instruments to facilitate access to public services, financial networks, and business services for these same target populations.

In Q7, the Component will focus its efforts on institutional strengthening of the Special Administrative Unit for Integral Victims' Assistance and Reparations (Victims' Unit) via: i. Development of the methodology for victims' assistance in regional centers and design of spaces to service the population; ii. Development of a communications strategy regarding victims' reparations for 3 audiences (public functionaries, citizens, and victims); iii. Support the personnel selection process for the Victims' Unit; iv. Provide the GOC with criteria to determine when an individual ceases his/her condition as a 'victim;' and V. Provide the GOC with an analysis of how to make service provision more flexible, and how to ensure harmonization of state services for victims of conflict.

<sup>8</sup> In Place of a policy instrument

### Synergies with other Components

The component collaborates closely with the Decentralization and Land Policy Components in two main areas:

**Land Policy:** The Vulnerable Populations Component worked together with the Land Policy Component to design and implement a model of sustainable livelihoods for vulnerable populations (extreme poor and IDPs), and to promote and facilitate technical and political coordination between the Land Restitution Unit (LRU) and the Victims' Unit.

**Support for Decentralization and Improved Public and Economic Management:** The Vulnerable Populations Component worked together with the Land Policy and Decentralization Components to strengthen the institutional capacity and functioning of municipalities in the design of local action plans for victims and local development plans. The effort focused on providing guidelines and transferring knowledge to the National Planning Department's Technical Assistance Program in order to work with local authorities on the construction of the aforementioned plans. As a result, territories will include victims' issues as a priority in their planning, budgeting, and execution for the next three years.

### MAJOR ACCOMPLISHMENTS

During Q6, the Program made important progress in the development of key instruments for implementation of Victims' and Land Restitution Law/Law 1448 of 2011 (the Victims' Law). The most relevant accomplishments are: i. Adoption of a targeting mechanism (guidelines) to establish the institutional presence of the Special Administrative Unit for Integral Victims' Assistance and Reparations (Victims' Unit) in the regions, and ii. Guidelines developed for the formulation of local development plans and action plans for comprehensive assistance and reparations to victims.

#### *i. Regional Presence of Victims' Unit*

The Program provided the Victims' Unit with objective criteria to define the regions where the Unit will maintain presence via Territorial Directorates and Regional Assistance Centers. Lack of local institutional capacity is a bottleneck that requires constant attention from the central office. Thus the Unit's adoption of this deliverable is a crucial step in establishing territorial presence and building the local authority's capacity to implement the Victims' Law.

#### *ii. Regional Development and Action Plans*

In Q6, the Vulnerable Populations Component provided strategic support to the GOC (National Planning Department and Victims' Unit) in its efforts to strengthen local planning by ensuring the victims' policy framework was included in local development plans and in local actions plans for comprehensive assistance and reparations to victims. These plans contain the public agenda and budget allocations for a four-year period, constituting a roadmap for the priorities, commitments, and implementation of local administration policies.

### Local Development Plans.

The Program, in coordination with the Government of Colombia (GOC) via the Victims Unit, prepared guidelines with the fundamental aspects of the Victims' Law that should be incorporated into local and regional plans to guarantee effective implementation of the law. These guidelines were approved by the GOC (Victims' Unit and Ministry of the Interior) and are being included in the National Planning

Department's (DNP's) training and technical assistance currently being provided in the regional entities as part of their planning processes.

#### **Local Action Plans for Comprehensive Assistance and Reparations to Victims.**

The Victims' Law mandates that the GOC provide tools to the municipalities to facilitate the preparation of local *Action Plans for Comprehensive Assistance and Reparations to Victims*. The changes in local administrations in 2012 and the approval of the Victims' and Land Restitution law have had a significant impact on the design and implementation of policies for the vulnerable population. Accordingly, the USAID Public Policy Program, in coordination with the GOC (Victims' Unit and Ministry of the Interior), developed clear methodological guidelines for the construction of action plans that will help local authorities to provide effective services in light of the new legal requirements. The Victims Unit is currently using these guidelines to strengthen the assistance provided to the territorial entities.

The results achieved in this section are based on coordination with other Program components and various GOC counterparts. The objective of this coordinated program work is to provide the GOC with political instruments of the highest technical quality to strengthen institutional capacity, enabling different levels of government to implement the Victims' Law effectively.

### **RESULTS AND ACTIVITIES**

#### **3.1. Comprehensive policy and institutional frameworks to prevent displacement and provide relief, comprehensive support, and reparations to IDPs and Victims.**

- **Methodological guidelines for action plans developed.** As previously mentioned, the Program developed guidelines for the preparation of Action Plans for Comprehensive Assistance and Reparation to Victims. This methodology was based on the stipulations of the law, its regulation, jurisprudence, and other relevant policy documents. These guidelines are currently being implemented by the Victims' Unit with territorial authorities.
- **Guidelines with objective criteria developed to identify Territorial Directorates and Regional Centers.** As previously mentioned, the Program developed guidelines for the Victims' Unit to identify the municipalities where it will establish its decentralized offices and assistance centers. This provides the Unit with a mechanism (criteria) to consider regional characteristics objectively and make informed decisions about where to locate offices. This product was delivered to the Victims' Unit and is being used for decision-making purposes.
- **National Action Plan for Comprehensive Assistance and Reparation to Victims (white paper-CONPES document) in development.** As established by the Victims' Law, the GOC must formulate a plan with specific actions for implementation of victims' assistance. The Program provided support for the construction of this plan, contributing methodological guidelines with strategies for ensuring a comprehensive integrated approach to implementation (integration of initiatives and collaboration between institutions), and data processing to characterize services provided and demand. To date, the Component has presented the Victims' Unit with draft sections of the National Action Plan (making offer of services flexible, institutional coordination); the Unit was pleased with the results.
- **Making the offer of services to victims more flexible.** The Constitutional Court issued several Court Orders following Decision T-025 of 2004, instructing the GOC to identify barriers to access to the institutional offer of services for the displaced population. The Program is supporting the GOC by analyzing 42 programs in aspects related to income generation, nutrition, rehabilitation, housing, and land; data will be stratified by population, territory,



context, and institutional framework. To date, the Program has completed a characterization of the target population and of the services offered. An analysis of the barriers to income generation, permanence, and accessing benefits will soon be completed. The results of these analyses will form an important input for the identification and prioritization of future adjustments and reforms to ensure greater efficacy and efficiency in the provision of assistance and reparation to victims.

- **Determining when condition of vulnerability of victims ceases.** Given the GOC's obligation to provide comprehensive assistance and reparations to victims, and the associated budgetary and operational burden of doing so, it is crucial that the GOC have an instrument to determine when a victim of displacement has overcome the state of vulnerability caused by the violations of his/her rights. Therefore, the Program is providing support to the GOC in the design of such criteria. To date the program, has produced a theoretical framework, a definition of the variables, and a preliminary version of the technical tool.
- **Harmonizing State services and making them more flexible to meet the needs of victims.** Article 181 of the 2010-2014 National Development Plan establishes the need to develop a mechanism to coordinate the offer of services related to land, income generation, and housing in order to achieve socio-economic stability of the DPs. The Program is in the process of developing a mechanism that will coordinate and harmonize the State's response, ensuring that services provided are effective and contribute sufficiently to ending vulnerability.
- **Indexing the Risk of Victimization.** In the framework of GOC activities carried out with the Santo Tomas University, the Program supported the development of a conceptual framework and methodology for an index to assess the risk of victimization. The USAID Public Policy Program recommended that the index include territorial context and individuals' capacities to deal with their environment in order to measure risk effectively. The Victims' Unit will use these inputs to improve and finalize the index with the University.
- **Communications strategy.** The Program is providing support to the Victims' Unit for the design of a communications strategy addressed to victims, GOC functionaries, and to Colombian society in general. The Program worked this quarter with the Victims' Unit to define the Program's technical assistance for the strategy definition and determine the strategy's focus.

#### **Result 3.4: Policy framework designed to encourage inclusion and cohesion of ethnic minorities and service delivery improved for Afro-Colombians and Indigenous populations.**

- **Monitoring commitments to ethnic groups in the framework of the 2010-2014 National Development Plan.** At the request of the National Planning Department, the Program is serving as the technical secretariat to the *Technical Roundtable for Inter-institutional Coordination*. It is comprised of a range of GOC entities, which monitor GOC commitments made to indigenous peoples and Afro-Colombian communities. The Program developed and is implementing a tool to monitor the progress made by each one of the entities responsible for commitments made within the framework of the National Development Plan. The results have formed the basis for the preparation of GOC negotiations with the Indigenous discussion groups (*mesa de concertación*) during this quarter.

#### **SEVENTH QUARTER PRIORITIES**

### 3.1. Comprehensive policy and institutional frameworks to prevent displacement and provide relief, comprehensive support, and reparations to IDPs and Victims.

- Continue to provide support the design of the *National Action Plan for Comprehensive Assistance and Reparation to Victims* (CONPES document), which should be ready by the first semester of 2012.
- Continue to development the *tool to determine cessation of vulnerability* and share it with the GOC, the Constitutional Court, and other relevant stakeholders. In addition, continue efforts to *harmonize state services* and to make the offer of those services *more flexible*.
- Develop the *communications campaign* that will allow the Victims' Unit to position itself as the entity responsible for victims' policy, ensure victims feel supported by the government and society, and raise State officials' awareness regarding their responsibility towards victims.
- Support the design of *regional assistance centers* for victims.
- Support to the Department for Social Prosperity in an analysis *of the relevance of the services offered by this entity with respect to the target population*, and provide recommendations for improvement of services. Support the development of *guidelines to design public policies with a differential ethnic and participatory focus* to ensure that the measures under the responsibility of the Victims' Unit incorporate these perspectives.
- Design and implement a *training of Victims' Unit staff* to ensure full comprehension of the law. Training will cover the scope of the law, resulting responsibilities and scope of authority, as well as appropriate interaction with/treatment of the target population.
- As follow-on to developing guidelines in Q6, the Program will review selected *regional development plans* (in approximately 65 municipalities and 12 departments) to guarantee that the policy for comprehensive assistance and reparation to victims is effectively included in the plans.

### 3.4. Policy framework designed to encourage inclusion and cohesion of ethnic minorities and service delivery improved for Afro-Colombians and Indigenous populations

- Support the Ethnic Group Coordination Table in analyzing progress and generating responses regarding the agreements made by the GOC in the National Development Plan.

## CHALLENGES

The newly formed Social Inclusion Sector (institutional arrangement approved under Law 1448 of 2011) is headed by the Administrative Department for Social Prosperity (DPS), which coordinates five semi-autonomous offices, each with full administrative and financial independence. While this autonomy is important for reducing decision-making bureaucracy, it makes it difficult to coordinate on shared actions given competing roles and responsibilities. The USAID Public Policy Program faces the challenge of improving coordination between Program counterparts - the Victims' Unit, the Consolidation Unit, and the DPS. To guarantee that the Program's technical assistance on the design of instruments and policies is not adversely affected, the Program has sought to ensure that mechanisms exist to facilitate political and technical coordination among the different offices and directors.

## WINDOWS OF OPPORTUNITY

A series of binding actions for the GOC have arisen from the Court Orders issued by the Constitutional Court and follow-up sessions regarding Decision T-025 of 2004. The GOC has requested the Program's support in these areas, some of which already form part of the Program's agenda. The

actions of the Constitutional Court constitute a window of opportunity for the Program in that certain processes will be accelerated, others in which the Program is currently working will become more relevant, or new requirements may even arise to continue assisting in the modification of the policies in favor of the vulnerable population, especially the victims of the internal armed conflict.

#### SUMMARY OF PERFORMANCE STANDARDS

Task	Milestones	Performance Standards
<b>3.1.3 Assist in establishing and strengthening the national system of integral attention and reparations to victims (SNARIV)</b>	Models, methodologies and manuals for strengthening institutional capacities of subnational governments for implementing victim's assistance policies.	Guideline for Regional planning of integral assistance and reparation of victims
<b>Assist in developing the agency responsible for coordinating the national program on integral assistance and reparations to victims</b>	Mechanisms and procedures to implement at the national level interagency coordination with other GOC agencies and departmental and municipal governments.	7 Workshops

#### COMPONENT 4: SUPPORT FOR DECENTRALIZATION AND IMPROVED PUBLIC AND ECONOMIC MANAGEMENT

The objectives of Component 4 are to a) clarify roles and responsibilities between levels of government; b) strengthen small municipalities; c) introduce sound policy, legal, and budgetary frameworks to improve the delivery of services, promote good governance, and build an enabling business environment in rural areas; and d) support institutional reform to improve government transparency and encourage citizen participation in governance and policy/program oversight.

Component 4 works simultaneously on two tracks to: 1) articulate policies, programs, and resources at the national level to improve the effectiveness and efficiency of services to the regions; and 2) support the implementation of policies in the territories through the design and support of pilot projects implemented by other USAID-funded programs. This Component provides technical assistance to build the capacity of local governments by designing and implementing instruments and procedures, and providing training. It also facilitates and improves inter-agency coordination and capacity to implement national policies and services at the regional level. The team works to improve competitiveness and support agriculture and SME programs to make them more responsive to the local needs of small-scale farmers and vulnerable populations. The Program draws from international best practices and lessons learned to establish models and methodologies appropriate to the Colombian context.

#### MAJOR ACCOMPLISHMENTS:

In Q6, the Public Policy Program's Support for Decentralization and Improved Public and Economic Management Component (Decentralization Component) had three important achievements: (1) Design of local development plans supported, in coordination with the National Planning Department and the USAID regional programs; (2) Start-up of three *Contratos-Plan* pilots supported; and (3) Start-up of Consolidation Unit operations supported.

**Local Development Plans supported.** The Public Policy Program, in coordination with USAID's regional programs, provided technical support to the National Planning Department (DNP) to assist local administrations in the development of municipal and departmental Development Plans. These plans constitute the administration's policy and operational roadmap for the next four years. The guidelines and materials produced by the USAID Public Policy Program served as tools for the local government teams to bring victims', land, rural development, and consolidation policies down to the territorial level.

In the framework of the DNP's Capacity Building and Strengthening Plan for Territorial Entities, the Public Policy Program provided additional, local-level, support to 51 consolidation, CELL-zone municipalities. USAID regional programs funded several advisors for the development of municipal and departmental plans that worked with the Public Policy Program experts to provide support on relevant policies (land, consolidation, victims, access to finance).

**Contratos-Plan pilots supported.** In Q6, the Program worked closely with government and civil society counterparts to gain buy-in regarding *Contratos-Plan* from the DNP, local authorities, regional offices of INCODER, and the Consolidation Unit. As a result, the DNP will move forward in three regions (Montes de Maria, Southern Tolima, and Gran Darién) to pilot this innovative instrument which aims to coordinate national and local efforts to achieve sustainable territorial development.

**Consolidation Unit start-up operations supported.** In Q6, the Program supported an institutional mapping exercise for the Consolidation Unit which identified the Unit's objectives, strategic priorities, programs, goals, and short-, medium- and long-term performance indicators. In Q6, the Program provided additional assistance to the Unit in order to define the organizational structure and initiate operations.

## PROGRAM ACTIVITIES

### 4.1. National-level policies that improve regional capacity to generate and track revenue

**Reforming the General Royalties System.** The new General Royalties System (GRS), which entered into force on January 1, 2012, began implementation in Q6. The Program is drafting the reform that will regulate certain operational aspects of the GRS.

The Program's team of experts is supporting the preparation of three basic decrees for the implementation of the GRS.

- Decree regulating the GRS's Governing Committee, the Technical Secretariat, the Administrative and Governing Bodies, and the Technical Secretariats.
- Decree regulating the GRS Monitoring, Follow-up, Control and Evaluation System.
- Decree regulating GRS budgetary issues and project cycles.

In Q6, the Program provided support in building knowledge regarding the royalties' reform. This complemented the Consolidation Unit's Regional Managers' efforts in sensitization and validation activities with mayors and governors:

- Workshops held with the Consolidation Unit, its directorates and regional offices, and USAID operators to socialize the royalties reform.

- Technical assistance provided on coordination with regional development instruments such as development plans, Rural Development Programs with a Territorial Focus (PDRET), and *Contratos-Plan*.
- Information disseminated on the royalties project formulation process.

The Program also supported the GOC's regional royalties planning exercises (Caribbean, Sur Macizo, Pacific, and coffee-growing Antioquia):

- Criteria defined for project prioritization and selection processes.
- Local governments discussed potential project to be financed with 2011 and 2012 resources.

The GRS reform will have a significant impact on regional development in the country, promoting regional partnerships and, in many cases, facilitating the implementation of *Contratos-Plan* and the creation of public-private partnerships for infrastructure projects.<sup>9</sup> There will be a direct impact on the 51 Consolidation municipalities, which will receive a specific allocation within the Regional Compensation Fund (FCR) (which provides funding specific municipalities based on poverty level) and will be able to submit projects to the Regional Development Fund (funding for grouped municipalities).

#### 4.2: Improved Management of Key Government Services in National Consolidation Zones.

Program support to the National Consolidation Policy during this quarter focused on three main areas: (1) Support for the CONPES policy document that defines the National Consolidation Policy; (2) Harmonization of Consolidation Policy with other key policies; and (3) Support for institutional strengthening of the Consolidation Unit.

- **CONPES policy document:** The Program team supported the Consolidation Unit in reviewing the draft CONPES document that defines the National Consolidation Policy, ensuring that the document included technical input on critical Program issues, such as victims, land restitution and formalization, rural development, and access to financial services.
- **Aligning Consolidation Policy with other policies:** The Program team worked closely with the Consolidation Unit to target priority sectors that require a coordination mechanism to ensure harmonization of consolidation policy actions. Priority areas included: rural development, victims, land, infrastructure (roads, energy, telecommunications, water and basic sanitation), income generation, employment, environment and illegal mining, and social services (health and education).

Specifically, the Program promoted an agreement between INCODER and the Consolidation Unit to develop a strategy and a mechanism to coordinate the rural development efforts in the consolidation zones. This coordination will ensure that policies and activities complement each other, efforts and resources are capitalized on, regional capacity is strengthened, and impact improved.<sup>10</sup> The Agreement has not yet been signed due the appointment of a new INCODER director. In some of the regions, however, the territorial directorates of both institutions have informally agreed to work together under these parameters.

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<sup>9</sup> 38% of projects identified to date for financing with royalties funds are based on Public-Private Partnerships for infrastructure projects.

<sup>10</sup> Draft Agreement between INCODER and the Consolidation Unit, 2012

- **Institutional Strengthening of the Consolidation Unit:** As mentioned in the Major Achievements section of this report, in Q6 the USAID Public Policy Program supported an institutional mapping exercise for the Consolidation Unit. This resulted in a management tool that allows the Unit to ensure activity compliance with policy objectives and goals and to monitor performance for decision-making purposes.

In Q6, the Program supported the creation of the Unit's **Rapid Response Program**, an agile investment mechanism that responds to urgent needs in targeted areas, in order to build trust between the population and the State. Rapid response resources may be used for the construction of small and medium infrastructure works, strengthening of community-level economic and social opportunities, and community transition assistance. Under the Rapid Response Program, the Public Policy Program is supporting the hiring process for contractors and auditors in order to ensure expeditious, efficient assistance to the population.

The Public Policy Program is also supporting the development of an **Account Fund (Fondo Cuenta)**, a long-term financing mechanism that will complement the Rapid Response Program. The Account Fund will be governed by private contracting law (instead of Law 80), thereby increasing contracting flexibility and enabling the incorporation of outside sources of funding.

***Additional deliverable:***

- Strategic procedural road map of the Consolidation Unit that will be the basis of the Unit's Design manuals and guidelines.

**4.4: Stronger local capacity to implement and manage national GOC programs.**

Support for interagency coordination in order to improve regional service provision is a cornerstone of the Public Policy Program's support.

***Contratos-Plan regulatory decree signed.***

The ***Contratos-Plan*** is possibly the most relevant policy instrument for the development of regional strategies, because it coordinates national level activities with the regions.<sup>11</sup> During the past two quarters, the Program provided technical assistance to the National Planning Department and the Ministries of Finance and the Interior to develop a regulatory decree that defines the basic operational parameters of the ***Contratos-Plan***. In Q6, the decree was signed, but it has not yet been numbered. Additionally, the **decree** is expected to be updated based on the results of the pilot programs in implementation.

***Contratos-Plan pilots initiated.***

This quarter, the Program initiated support for **3 *Contratos-Plan* pilots** in (i) Montes de María, (ii) Southern Tolima and (iii) Gran Darién (Chocó, Antioquia, Córdoba). *See details below.*

**Methodology for Nation-Region collaboration developed.**

In collaboration with the National Planning Department, the Program supported the development of a methodology for creating agreements between the national government and the regions. Deliverable

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<sup>11</sup> The legal foundation for the *Contrato-Plan* instrument is derived from the Land Management Law and the National Development Plan Law (Laws 1454 and 1450 of 2011).



included the overall procedure, as well as an analysis of critical topics, such as financing (e.g. future budget appropriations, budgetary harmonization), legal instruments (e.g. proforma contract), and project formulation (e.g. departmental water management plans).

**National-level coordination agreement for Contratos-Plan signed.**

The Program prepared and facilitated the signing of a Memorandum of Understanding between the Consolidation Unit and INCODER that provides guidelines for the coordination of Regional Consolidation Plans and the Rural Development Plans with a Territorial Focus (PDRET) at the local level. This will facilitate institutional coordination between the two entities, and with the National Planning Department in the zones where the different entities coincide.

**Rural Development Programs with a Territorial Focus (PDRET) process supported.**

The Program has also been supporting the design of *Rural Development Programs with a Territorial Focus (PDRET)* in Montes de María, Southern Tolima, and the Southern Pacific region of Nariño. PDRET seeks a comprehensive view of the economic and social development of a region, in accordance with its competitive capacities.<sup>12</sup> It promotes the efficient use of soil and irrigation resources, seeking to ensure environmental sustainability of regional production.

Territorial Consolidation (PNCT) and the PDRET policies converge in the implementation of *Contratos-Plan* pilot projects. As part of the aforementioned processes, the Program has coordinated with the National Planning Department, the Consolidation Unit, and INCODER at the national level, and with mayors, governors, regional Consolidation Unit and INCODER offices, regional USAID operators, and civil society organizations at the territorial level.

- **Montes de María.**<sup>13</sup> The Program worked with the governor's offices of Sucre and Bolívar and 15 municipalities in the subregion of Montes de María in a participatory PDRET planning process.<sup>14</sup> In collaboration with the mayor's and governor's offices, the Program supported the preparation of an indicative document which was incorporated into the governors' Regional Development Plans. It constitutes a commitment to establish a PDRET that conforms to a shared and integrated vision.
- **Southern Tolima.**<sup>15</sup> An Action Plan for a participatory process was prepared and is in implementation. A series of meetings and participatory planning workshops have been conducted that have resulted in commitment by and coordination of the municipal and department administrations and key stakeholders in the region.<sup>16</sup> This will enable the integrated planning of the PDRET for Southern Tolima to begin; the process seeks to create the conditions

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<sup>12</sup> The region's competitive capacities are determined by its market potential, taking into account the local and regional supply needs, the internal market and exports.

<sup>13</sup> Montes de María region: Comprises 15 municipalities. 7 in the Department of Bolívar: Carmen de Bolívar, Marialabaja, San Juan Nepomuceno, San Jacinto, Córdoba, El Guamo and Zambrano. 8 in the Department of Sucre: Ovejas, Chalan, Colosó, Morroa, Los Palmitos, San Onofre, San Antonio de Palmito and Tolúviejo. Four of these municipalities are in the Consolidation zone: Carmen de Bolívar, San Jacinto, Ovejas and San Onofre.

<sup>14</sup> The participatory process entailed forming five roundtables to cover the issues of Land Management and Environment, Production Management and Income Generation, Social Public Goods, Connectivity, and Victims.

<sup>15</sup> Southern Tolima region: Chaparral, Ataco, Planadas, Rioblanco (these four are Consolidation municipalities), San Antonio, Ortega, Roncesvalles, Natagaima and Coyaima.

<sup>16</sup> The process to define and prioritize projects in this region has been carried out through seven thematic roundtables: Institutional strengthening and land management; environment; regional educational project of Southern Tolima; social dimension-social public goods; production management and income generation; infrastructure for life; and land restitution.

necessary for reaching an agreement between the national government, the Department of Tolima, and the nine municipalities of the Province of Southern Tolima on a *Contratos-Plan*.

- **Southern Pacific region of Nariño.**<sup>17</sup> The design for the region's PDRET was supported in coordination with *Colombia Responde* Northern-Southern. An agreement was signed between the municipal and departmental entities confirming their participation in the design of the PDRET, an indicative document to be incorporated into the municipal and departmental development plans was prepared, and a roadmap for the design of the PDRET in the region was developed.
- **Gran Darien.**<sup>18</sup> A *Contratos-Plan* planning process was supported in coordination with the USAID Afro Colombian & Indigenous Program (ACIP). Support was provided to the National Planning Department and the Governor's Office of Choco on the prioritization of issues for the region and the preparation of an initial agreement.<sup>19</sup>
- **Choco.** In coordination with ACIP, the USAID Public Policy Program has also provided specific technical assistance to the **Governor's Office of Choco** to transfer knowledge on crucial policies, such as Public-Private Partnerships, royalties, institutional strengthening in the regions, *Contratos-Plan*, land, rural development, and victims. Assistance is currently being provided for the analysis and evaluation of Choco's fiscal situation.

#### 4.5. Support GOC Institutional Strengthening for Good Governance

##### *Public Employment*

##### **National Civil Service Commission elimination supported.**

In Q3, the Program supported the GOC in the design of a Legislative Act to modify the articles in the Colombian Constitution to remove the National Civil Service Commission's (NCSC) responsibility for administering public employment. In Q6, the Program received an additional GOC request to design a Legislative Act to completely eliminate the NCSC. As a result, the Executive Branch will administer and provide oversight for public employment. This will ensure a separation of administration and monitoring responsibilities.

##### **Regulatory decree on public employment designed.**

In Q3 and Q4, the Program supported the design of the Public Employment Law. The GOC requested follow-on support from the USAID Public Policy Program to design a sole regulatory decree that administers the basic elements of public employment: entry into a career path, development (training), and a performance evaluation model.

##### **Public Employment System Model created.**

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17 The Southern Pacific region of Nariño is comprised of 12 municipalities: Tumaco, La Tola, Barbacoas, Mallama, Ricaurte, Roberto Payán, Maguá Payán, Francisco Pizarro, Mosquera, Olaya Herrera, El Charco and Santa Bárbara de Iscuandé.

18 Will cover some areas of Chocó, Antioquia, and Córdoba, with Rio Atrato and the Darien Gulf as the geographic focus for investments.

19 The preliminary issues that have been included in the agreement are: income generation, health, education, drinking water, sanitation, nutrition, and housing. The representatives of Choco have prioritized citizen security, overcoming poverty, physical and energy connectivity, and ICTs.



The USAID Public Policy Program supported the design of a model for a Public Employment System in Q4. The GOC requested follow-on support from the Program to provide institutional strengthening recommendations for the Administrative Department of Public Function (ADPF) to ensure it has the structure and capacity to design and administer good governance policies with public employment.

In all three public employment processes supported by the Program, the Office of the President plans to use the inputs this year to prepare the necessary institutional and legal reforms.

***Support GOC in strengthening the State Reform policy and strengthen the Civil Service Administrative Sector***

**Comprehensive Anti-Corruption Policy supported.**

In Q6, the Public Policy Program supported the development of the document “General Ideas for the Formulation of a Comprehensive Anti-Corruption Policy in Colombia,” which contains the basic guidelines for the formulation of a comprehensive anti-corruption policy. This policy will be backed by a CONPES document that the GOC will present in the coming months. This will be a key step in providing the GOC with mechanisms to evaluate and monitor the policy among the public and private sector and civil society. These mechanisms will be crucial to ensuring that royalties resources are managed transparently and efficiently.

***Performance Standards Achieved:***

- Alternative draft of the Legislative Act to modify the Political Constitution of Colombia, eliminating the National Civil Service Commission.
- Two sets of guidelines for the implementation of the Public Employment Law.
- Regulatory Decrees on Public Employment: Proposal for the formulation of a sole Regulatory Decree of the Public Employment Framework Law.
- Institutional Reform: Proposal for the institutional reform of the employment system; Public Employment System Model in Colombia.

**4.7: National training plans that meet the needs of Municipalities**

**Design of an Institutional Capacity Building and Strengthening Program for Territorial Development supported.**

In Q6, the Program supported coordination between the National Planning Department and the regional operators in each consolidation zone. This consisted of working with municipal administrations on the formulation of municipal development plans in 51 consolidation municipalities, as well as in some departments within the area of influence of the consolidation policy, such as Tolima, Bolívar, Meta and Caquetá.

In addition, the Program serves as liaison between the other Public Policy Program Components that work on issues related to priority GOC policies, such as victims, rural development and land, and the National Planning Department’s Capacity Building Program, especially in supporting the formulation of municipal and department plans that include these issues and in achieving ownership by local authorities. This support has also been provided, in coordination with the USAID ACIP Program, in two pilot areas (Cartagena and Santa Marta). Program experts have provided technical assistance for the inclusion of priority policies in the development plans.

The activities to support the formulation of development plans include the following:

- **Training for municipal and departmental advisors.** Support was provided to the national-level training provided to municipal and departmental advisors, including approximately 50 advisors contracted by the USAID regional programs. These advisors are assisting municipalities and departments in the formulation of development plans.
- **Development plan preparation coordination in Consolidation Zones.** Work sessions led and coordination supported between the teams that will support the formulation of development plans; the teams consisted of representatives from the National Planning Department, USAID operators, consolidation managers, and governor's office in five of the seven consolidation zones (Norte de Santander, Meta, Tolima, Bolívar & Sucre, and Córdoba, & Antioquia).
- **Knowledge building in key policy areas.** Program experts participated in work sessions with mayors and their teams in Cartagena and Santa Marta on topics such as land, rural development victims, and access to financial services.
- **Development plan revision in key policy areas.** The Program developed a schedule and instruments to review 51 draft municipal development plans and 12 departmental plans. The revision focuses on harmonizing these plans with the National Consolidation Policy, the Regional Consolidation Plans, and other key policies related to victims, rural development, land, and access to financial services.

#### **Guidelines developed for the Territorial Public Management.**

In Q6, the Program continued its support of the National Planning Department on the preparation of manuals and guidelines for use by the territorial administrations. The Program produced an educational version of a booklet with guidelines for the development of cultural programs and strategies, thus completing the collection of Guidelines for Territorial Public Management, which include the following topics: 1) Recommendations for the transition between elected officials in the regions, 2011-2012; 2) Basic elements of the Colombian State; 3) The Mayor during the first 100 days of municipal administration; 4) Guidelines for Territorial Administration Accountability to Citizens; 5) The Role of Territorial Planning Councils; 6) The Inspector General's Office; 7) Guidelines for developing and choosing a political platform; 8) Municipal Council Guide; 9) Development Plan Guide; 10) Departmental Assembly Guide; and 11) Guidelines on Cultural Policies.<sup>20</sup> During this quarter, the Superior Public Administration School (ESAP) began printing the complete collection of these booklets.

#### ***Performance Standards Achieved:***

- 4 manuals to improve local Public Management.

### **SEVENTH QUARTER PRIORITIES**

#### **4.1: National-level policies that improve regional ability to generate and track revenue**

- Conciliation of the Royalties Bill between the Senate and the Chamber of Representatives.
- Issuance of decrees for the implementation of the General Royalties System.
- Identification of the first regional impact projects, in coordination with the regions.
- Support, in coordination with USAID operators, the Consolidation Unit and its regional offices in the prioritization and structuring of projects.

#### **4.2: Improved Management of Key Government Services in National Consolidation Zones**

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<sup>20</sup> This guide was developed in conjunction with the Ministry of Culture and is in the final review process within this Ministry.

- Conclude process of negotiating the National Consolidation Policy CONPES document with the different sectors, in order to seek approval of the document.
- Support political and institutional agreements on: land, victims, infrastructure (roads, energy, telecommunications, water, and basic sanitation), income generation, employment, environment and illegal mining, and social services (health and education) in order to promote, design, and initiate implementation of coordination mechanisms to harmonize consolidation policy with other regional-level policies in consolidation zones.
- Provide support to the Consolidation Unit in the design of a methodology to socialize Regional Plans with stakeholders involved in implementation of the policy.
- Support the design of a methodology and lead a workshop to establish the roles of each sub-area in implementing the Regional Consolidation Plans. This exercise will be crucial for creating the intra-institutional synergies necessary to provide efficient, cost-effective, and quality services in the consolidation zones.

#### 4.4: Stronger local capacity to implement and manage national GOC programs

- Continue support for the *Contratos-Plan* planning process in pilot regions.
- Strengthen joint efforts with the USAID regional programs to promote regional planning processes in USAID targeted regions. These efforts will include facilitation of agreements between the different levels of government to deal with strategic issues such as consolidation policy, victims, and rural development. The design of regional development strategies could lead to *Contratos-Plan* agreements.

#### 4.5: Support GOC Institutional Strengthening for Good Governance

- Support development of a CONPES document on Anti-Corruption Policy via participatory working groups. The guidelines document prepared by the Program will form the basis for this CONPES.

#### 4.7: National training plans that meet the needs of Municipalities

- Continue to support development plans in targeted zones (consolidation and ACIP).
- Initiate collection of results, systematization of experiences, and provision of feedback on the policy regarding the support provided to municipalities and departments for the preparation of their development plans. This will serve as input to improve the Program for Building and Strengthening the Capacity of territorial entities, and will be later formalized in a CONPES document, supported by the USAID Public Policy Program.

### CHALLENGES

#### Consolidation Policy

- Provide support to ensure that the Consolidation Unit operates in all 51 consolidation municipalities and coordinates State Presence with all key GOC agencies in Q7. This will require aligning the national and regional level strategic objectives, programs, goals and indicators (i.e. with the regional consolidation plans).
- Ensure approval of the Consolidation Policy CONPES document and facilitate coordination between the different sectors and policies, through joint action agreements. It will be a

challenge to ensure that the Consolidation Unit sub-areas harmonize efforts with other GOC entities to provide effective assistance to the regions.

- Another key challenge will be to start up the Rapid Response Program.

### **General Royalties System**

- Constitution and startup of the General Royalties System (GRS) administrative and governing bodies, and of at least one of the Funds (Compensation and Development; and Science, Technology and Innovation).
- Ensure consolidation zones have prioritized high-impact projects, have access to royalties funding in 2012, and projects are prioritized in the 2013-2015 budget by working together with the USAID regional programs and the Consolidation Unit.

### ***Contratos-Plan Pilots***

- Harmonization of the plans and budgets across different levels of government and across sectoral policies (Territorial Consolidation, Rural Development).
- Montes de Maria: Sustain security progress and continue work on economic integration.
- Southern Tolima: Manage coordination across a large extension of land and low population density in the zone, and ensure youth inclusion to keep them from engaging in illegal activities.
- Choco: Maintain a balance in the relationship and the agenda with a more stable department, such as Antioquia.

### **Local Development Plans**

- Support the final version of the development plans (at least in the consolidation municipalities and departments), in order to ensure that they include the guidelines of the Consolidation, Victims', Rural Development, Land, and Access to Financial Services policies.

## **WINDOWS OF OPPORTUNITY**

### **General Royalties System**

- Support for building and strengthening managerial capacities and project development and monitoring capacities within territorial entities.
- Joint work with the USAID regional programs to create and strengthen mechanisms for citizen participation in the identification of projects and oversight of these projects.

### ***Contratos-Plan***

- Regulation of royalties is crucial for the *Contratos-Plan* because this is one of the primary sources of long-term funding available to the municipalities and departments, in particular with regard to the Compensation and Regional Development Funds.
- Inclusion of programs targeting Afro-Colombians, the indigenous population, and victims of the armed conflict. The *Contratos-Plan* could be an innovative mechanism for providing incentives and targeting policies with a territorial and population focus.

## **SUMMARY OF PERFORMANCE STANDARDS**

Task	Milestones	Activity
4.5.I Support efforts to modernize public employment policies and strengthen the public administration sector	Assess legal framework of public employment	Alternative draft of the Legislative Act to modify the Political Constitution of Colombia, eliminating the National Civil Service Commission
	Assess legal & regulatory framework & implementation of public employment at national and subnational levels	Regulatory Decrees on Public Employment: Proposal for the formulation of a sole Regulatory Decree of the Public Employment Framework Law
	Detailed recommendations & action plan to reform the Civil Service Administrative & Public employment Sector	Institutional Reform: Proposal for the institutional reform of the employment system: Public Employment System Model in Colombia
4.5.I Support efforts to modernize public employment policies and strengthen the public administration sector	Manuals & guidelines for strengthening sub-national governments' capacities	4 manuals

## COMPONENT 5: LABOR POLICY

Under the Labor Policy Component, the USAID Public Policy Program provided technical support to the GOC in key labor policies such as labor market changes, especially those related to the reduction of informality, employment generation, and the effects of price-factor distortions.

The Program supported the creation of the Ministry of Labor in assuming its new responsibilities with enough technical and political capacity to impact labor and social policy. Additionally, the Program supported key reforms to improve labor inspection, increase respect for workers' rights, and develop technical capacity to make appropriate decisions in the area of labor market policy and employment generation.

Due to the Program's March 1, 2012 contractual modification, the Labor Component was liquidated. As such, no activities are projected for Q7. Nevertheless, labor policy-related activities (eg., rural income generation) will continue to be implemented via the Land Policy and Victims' Policy Pillars.

### MAJOR ACCOMPLISHMENTS

During the six quarters the Labor Component was in operation, the Program had a number of important achievements:

- Ministry of Labor created.** The Program's technical institutional design study led to the creation of the Ministry of Labor, which, based on the Component's recommendations, included two vice-ministries (Employment and Labor Relations). The Employment Vice-Ministry in charge of generating job creation and employment quality policies was created following the recommendation of the USAID Public Policy Program and the High Counsel for Good Governance. The GOC implemented another key Program recommendation: to create a Special Unit within the Ministry in charge of monitoring labor market performance.

- **Labor inspection system improved.** The Labor Component recommended the introduction of risk analysis into the labor inspection system; this mechanism has helped the GOC focus inspections on activities where labor rights violations are more likely to occur.
- **Labor demand information system supported.** In coordination with the National Department of Statistics (DANE), the Component analyzed the country's existing data sources on labor demand and provided recommendations to the labor demand system based on successful international experiences. The GOC will be using these inputs towards the creation of Colombia's Labor Demand Information System (SINIDEL) to be launched in a few months.
- **Unemployment system improved.** In light of the Program's inputs to the National Development Plan regarding unemployment compensation, the GOC requested additional support. In coordination with the Ministry of Labor and the National Planning Department, the Component analyzed the length of time unemployment lasts in Colombia. The aforementioned entities will be employing this information in the new unemployment management system.

The aforementioned achievements have contributed to the most ambitious reforms regarding labor-related institutional policy and design in the last 20 years in Colombia. The Program supported the development of the institution responsible for creating and regulating labor policies as well as the modernization of labor market and workers' rights regulations.

## RESULTS AND ACTIVITIES

### 5.3: Training Programs Linked to Demand

Law 1429 of 2010 created the Labor Demand Information System (SINIDEL), as recommended by the USAID MIDAS Program's Labor Component. As follow-on to this work, the Component, in coordination with the National Department of Statistics (DANE), analyzed the country's existing data sources on labor demand and provided recommendations to the labor demand system based on successful international experiences. The Component provided a diagnosis of the potential uses and limitations of currently available data sources. Additionally, the Component reviewed international best practices in the measurement of labor demand, and proposed a methodology to measure unfilled job openings, labor cost, job creation, and job destruction in the Colombian economy. The main conclusions of the study include:

- Data sources can be used to determine how jobs are created and lost in Colombia, the necessary professional qualifications to fill available job openings, the cost of maintaining permanent employees, and hiring mechanisms used.
- The currently existing fragmented data sources limit effective measurement of labor demand in Colombia.
- Successes from international labor demand information systems can be applied in Colombia: combining data from different statistical sources, using tax information, and consolidating information obtained from the Internet.
- A more robust system can be built by: prioritizing data collection, updating currently existing databases, and combining data from various sources, including tax and social security contributions.
- Mechanisms must be created to include companies that do not currently report their information and to collect information quarterly instead of annually.

The study, which has been submitted to DANE, is key to the creation of SINIDEL. It contains guidelines for developing Colombia's labor demand information system, using the existing information



and showing how successful experiences can be adapted for use in Colombia to improve the collection of data and analysis models.

### ***Additional Deliverable***

- A technical study that is input to the creation of the information system of labor demand, in accordance with the National Development Plan, as requested by the GOC.

## COMPONENT 6: ENVIRONMENTAL POLICY

The Ministry of Environment is in the process of developing its strategic plan and defining priority policies for the sector. Accordingly, the Program has worked with USAID and the Government of Colombia (GOC) to adjust the Environmental Policy Component's focus.

In Q6, the Environmental Component assisted the National Natural Parks Unit (PNNU) to define the state of conservation of six of Colombia's protected areas (as pilots) in order to develop a methodology to re-define the protected areas categorization system. The Program also worked with the GOC's "Naturalmente Colombia" Government-Civil Society Program to define a business plan for the management and protection of biological corridors in the country. Finally, the Component is also in the process of supporting a Low Carbon Development Strategy (LCDS) for the country, specifically contributing to the areas of transportation, agriculture, and forestry.

During Q7, the Program's priority is to work with the National Planning Department in the development of a CONPES document on housing and urban development policy. This policy will include a focus on environmental and climate change to ensure sustainable urban development. It will be the first urban policy CONPES that fully incorporates environmental sustainability as a factor in urban development design and policy. The document will be comprehensive in the sense that it will address policy objectives, guidelines, institutional framework, and financial and implementation indicators that are explicit to environmental issues.

## Synergies with other components and USAID Programs

Land Policy Component: In Q6 the Program reviewed the Land and Rural Development Bill for its approach to environmental opportunities, concerns, boundaries and risk related to land use and productive decision-making.

**Policies toward Vulnerable Populations:** The Program's support for the development of a Low Emission Development Strategy (LEDS) study and for Reduced Emissions from Deforestation and Degradation (REDD) programs considers how climate change can impact assistance to victims and the rural poor.

## RESULTS AND ACTIVITIES



**Map reproduced from the PNN website.**  
<http://www.parquesnacionales.gov.co/PNN/portel/libreria/php/decide.php?patron=01.01>

## 6.2 Support Implementation of the Policy that defines the National Protected Areas System - SINAP (CONPES 3680)

During Q6, the Program worked on the harmonization of the National System of Protected Areas (SINAP) with international standards. In coordination with the National Natural Parks Unit (PNNU), the Component is developing a methodology to re-define the protected areas categorization system. As part of this process, the Program is analyzing the state of conservation of six of Colombia's protected areas. Updated, more accurate maps of these areas have been developed.

There are many categories of parks and protected areas, for example: UNESCO world heritage sites, fauna and flora sanctuaries, biosphere reserves, species conservation areas, and natural monuments. Each category provides different types of protection and authorizes different uses. As a result of this study, Colombia will have a new methodology to evaluate natural spaces and in some cases re-categorize them into more appropriate types of areas. Colombia will be able to protect these areas more appropriately; updated maps will also be an important input for future land use and land formalization processes.

A major priority for the GOC is to protect environmental corridors. Environmental corridors are areas that contain more than one protected area, and may include adjoining unprotected zones. Biological corridors have conventionally been seen as a means of countering habitat fragmentation and facilitating species movements between protected areas. The Program is supporting *Naturalmente Colombia*, a long-term civil society-GOC joint initiative created in 2010 to promote protected areas and biodiversity conservation. The Program is designing a business plan to determine the cost of protecting these corridors. Protection of biological corridors is key to protecting biodiversity and ensuring sustainable productive development of regions that form part of, or border, the corridors. During Quarter 6 a draft of the business plan was developed and a final version will be delivered to the GOC in Q7.

## 6.5 Support GOC in climate change policy initiatives

In coordination with the World Bank, the Program is also supporting the GOC in the development of a Low Emission Development Strategy (LEDS) study. The Program hired a team of consultants to evaluate three main areas: transportation, agriculture, and forestry. The team created models of average emissions and provided recommendations for lowering emissions of greenhouse gases in Colombia. In the area of transportation, the team evaluated the use of electric busses and methods for reducing traffic congestion to decrease CO<sub>2</sub> emissions. In the areas of agriculture and forestry, the team evaluated strategies to reduce methane and CO<sub>2</sub> emissions; the team found that changing productive land use and land management (encouraging silvopastoral systems where trees, forest, and pasture are incorporated in one area), encouraging good agricultural practices, using fertilizers with lower nitrogen content, changing livestock feeding habits and even changing the species of trees planted could all contribute to reducing methane and CO<sub>2</sub> emissions. Results will be presented in Q7.

## CHALLENGES

The Ministry of Environment is in the process of developing its strategic plan and defining priority policies. As a result, the Program has adjusted some of its priorities in its Environmental Component. The Program's major challenge for Q7 will be to coordinate new Ministry priorities with Program activities and other USAID environmental activities.

## SEVENTH QUARTER PRIORITIES



In Q7, the Program will expand its LEDS study to evaluate emissions produced by a range of crops including rice, avocado, mango, palm and cacao. It will also evaluate agricultural best practices for low emissions strategy and detail concrete scenarios where different practices would reduce emissions.

The Program will also initiate support for the development of the GOC's Third National Communication (TNC) on climate change, and initiate support for the Urban Sustainable Development CONPES.

## PROGRAM MANAGEMENT AND ADMINISTRATION

During the second quarter of FY 2012, the Program underwent major restructuring of its technical and organizational structure. Based on USAID's approval of a contract modification on March 1, 2012, the Program worked diligently to modify implementation and proceed in hiring the relevant personnel.

### PROGRAM MANAGEMENT

During Q2 FY2012, AECOM received its Contractor Performance Assessment Report (CPAR) for the period 10/21/2010 – 10/20/2011. AECOM received a rating of "Exceptional" in Quality of Product or Service, Schedule, and Cost Control, and a rating of "Very Good" in Business Relations and Management of Key Personnel. USAID noted the exceptional quality of program deliverables and the Program's contribution to an ambitious and historical legislative transformation in Colombia within a fast-tracked context; AECOM completed 50% of the total deliverables of the five-year project in the first year of the project. Additionally, USAID noted that the Program has billed and reported financial data in a timely and accurate manner. The excellent financial management allowed the Program to shift resources forward and realign the budget in accordance with the fast-tracked technical schedule and has provided a cost savings to USAID of approximately \$2 million dollars in administrative costs. Additionally, operational staff was instrumental in managing an accelerated Program start-up period, allowing the Program to contract and deliver an exceptional level of technical assistance in its first year.

### RECRUITMENT/CONTRACTING

During Q6 AECOM directly contracted 22 consultants, obligating COP\$824,507,925 (or approximately US\$ 462,206)<sup>21</sup> with the following breakdown:

Component	No. Consultants	Amount COP\$	percentage distribution of contract amount
Land	5	\$ 309.510.000	38%
Financial Services	4	\$ 112.691.000	14%

<sup>21</sup> Exchange rate used 1,780 Colombian Pesos per dollar.

Vulnerable People	12	\$ 345.683.260	42%
Decentralization	1	\$ 56.623.665	7%
Labor	-	-	-
Environmental	-	-	-
<b>Total</b>	<b>22</b>	<b>\$ 824.507.925</b>	<b>100%</b>

Total new commitments under AECOM's Grants & Subcontracts budget line reached COP\$312,330,056 (or approximately US \$176,316). Of this total, Contracts account for COP\$186,938,285 (approximately US\$ 105,530), and Task Orders account for COP\$125,391,771 (approximately US \$ 70,786). Of this amount, COP\$ 80,239,771 accounts for new task orders and COP \$45,152,000 accounts for an increase to an existing task order. 81% of the total amount financed technical activities from the Vulnerable Populations Component and the remaining 19% was devoted to Land Policy Component activities.

Component	No. Contracts	VALUE	percentage distribution of contract amount
Land	2	\$ 60.323.550	19%
Financial Services	-	-	-
Vulnerable People	3	\$ 252.006.506	81%
Decentralization	-	-	-
Labor	-	-	-
Environmental	-	-	-
<b>Total</b>	<b>5</b>	<b>\$ 312,330,056</b>	<b>100%</b>

During the quarter the AECOM Contracts & Grants Department committed four new instruments (3 Task Orders and 1 Contract) and processed fourteen modifications as follows:

SUBCONTRACTS & GRANTS / January- March / 2011			
COMPONENT	Instrument	New	Modifications
Land	IQC		
	Task Order	2	2
	Contract		1
	SG		
		<b>2</b>	<b>3</b>
Finance	IQC		1
	Task Order		1
	Contract		1
	SG		
		<b>0</b>	<b>3</b>
Vulnerable Population	IQC		
	Task Order	1	1
	Contract	1	
	SG		
		<b>2</b>	<b>1</b>
Decentralization	IQC		
	Task Order		
	Contract		1
	SG		
		<b>0</b>	<b>1</b>

SUBCONTRACTS & GRANTS / January- March / 2011			
COMPONENT	Instrument	New	Modifications
Labor	IQC		
	Task Order		
	Contract		
	SG		
		0	0
Environmental	IQC		1
	Task Order		
	Contract		
	SG		
		0	1
Cross cutting	SG	0	
		0	0
Shared	IQC		5
TOTAL		4	14

## OPERATIONS

**Contract Modification:** On March 1, the Program signed a contract modification for the USAID Public Policy Program contract. Under the contract modification, the Program is restructured under a new three pillar structure, and technical activities and the Program management structure are restructured accordingly. The modification provided approval for three new key personnel positions – Land Pillar Lead, Victims Policy Pillar Lead, and Consolidation Pillar Lead. The modification also increased the Program's obligated funds to US \$17,550,000.

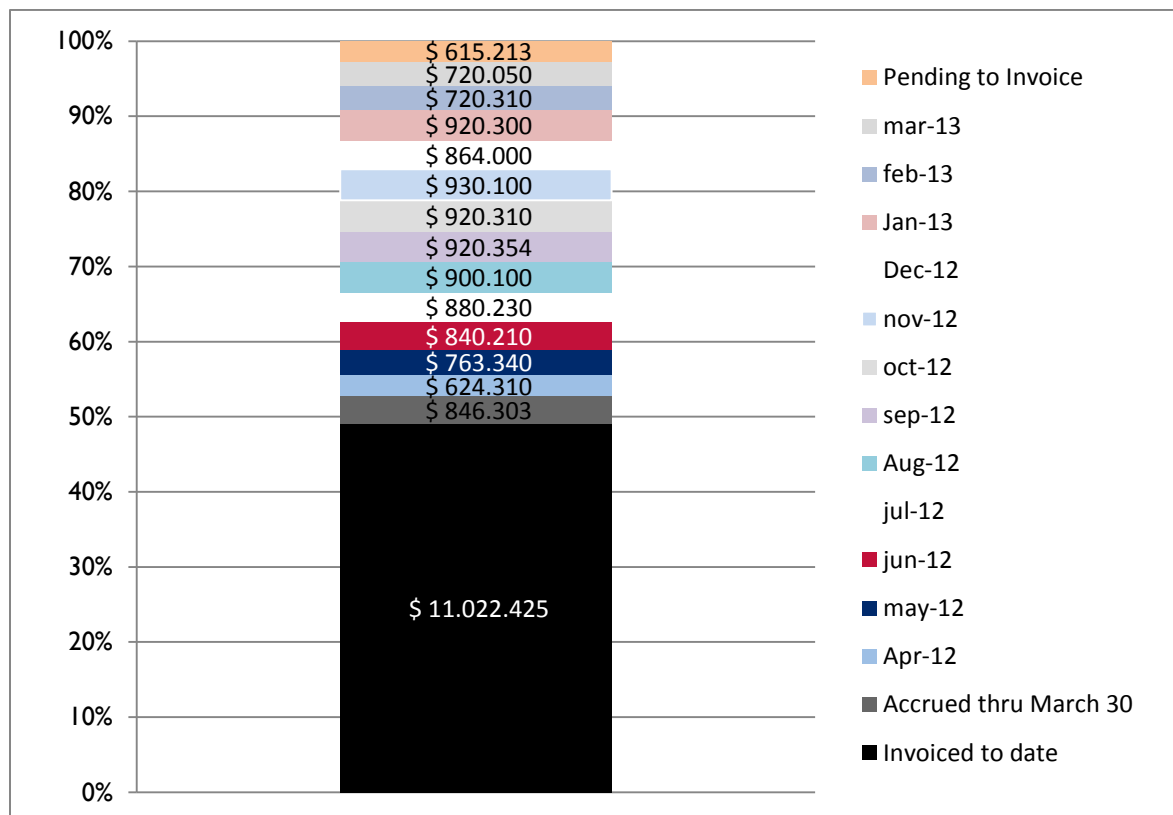
**Staffing:** Based on the new approved management structure, the Program received approval for its new key personnel on March 13. As of this date, Diego Bautista assumed the role of Deputy Chief of Party (DCOP), Sandra Alzate as Victims Policy Pillar Lead, Adriana Velez as Land Policy Pillar Lead, and Lina Ibañez as Consolidation Policy Pillar Lead. Additionally, at the beginning of March, AECOM brought on Elizabeth Peña as Director of Operations and Ana Belen Torres as the new Contracts & Grants Manager.

**Events:** The Program continued to reach to the government and civil society counterparts co in Q2 FY2012; below is the number of workshops, participants by gender, and level of satisfaction with the quality of the events of this quarter:

	Events			Participants						Satisfaction		
	In-house	External	Total	Men		Women		Public Servants		Total	Satisfactory	
	#	#	#	#	%	#	%	#	%	#	#	%
JAN	0	2	2	32	46%	37	54%	62	90%	69	65	94,5%
FEB	4	2	6	40	29%	98	71%	67	49%	138	130	94%
MAR	2	3	5	30	34%	59	66%	45	51%	89	79	89%
Total	6	7	13	102	34%	194	66%	174	59%	296	273	92%

## FINANCIALS

As of March 30, the Program invoiced USAID US \$11,022,424.18. An additional US \$846,303 in accrued expenses through the end of Q2 FY 2012 (March 2012) is estimated, for a total of US \$11,868,727.18, or 68% of the Program's obligated funding. Projections show that by the end of Q3 FY2012 (June 2012), the Program will have accrued US \$14,096,588, equivalent to 80% of obligated funding, and 63% of the total program budget. June 2012 marks month 20 of a proposed 30-month project (67% of the modified project timeline).



*Note: Numbers reflect amounts that will be accrued each month, not invoiced*

## KNOWLEDGE MANAGEMENT

In Q6, the Public Policy Program drafted its Knowledge Management strategy. The strategy aims to produce strategic communications on Program achievements and lessons learned, and also builds a knowledge base, for internal and external audiences, regarding the processes and methods used to achieve public policy innovation and profound legal and institutional change in Colombia. The Program continued to produce its bi-weekly consolidation reports and monthly e-bulletin reports (Launch of Land Restitution Unit in Cordoba, Housing Policy for Victims of Armed Conflict, and Comprehensive Discussion about the Future of the Colombian Agrarian Reform). The Program also worked closely with the Instituto de Ciencia Política (ICP) to disseminate major program achievements among the media, stakeholders, key actors and civil society and to ensure key public policy issues were included in the public agenda. Finally, the Program developed technical specifications for the Program website.

### SEVENTH QUARTER PRIORITIES

In Q7, the Program will work with USAID to continue implementing approved technical and operational modifications, and implementing the Year 2 Work Plan in compliance with these modifications. The Program will also finalize hiring for its Knowledge Management team, initiate the development of case studies on public policy change, and modify its document management system in accordance with the new Program structure.

## ANNEX I. PERFORMANCE STANDARDS CHART:

Performance Standard	Q1	Q2	Q3	Q4	Q5	Q6	Achieved to Date	Total in Contract
Inputs to National Development Plan	4	8	2	0	0	0	14	14
Inputs to CONPES Document or equivalent	0	0	1	0	0	1 <sup>22</sup>	2	13
Inputs to Laws	1	2	7	5	4	2	21	16
Inputs to Decrees/Regulations	4	3	1	8	8	1	25	50
Institutional Reforms	0	0	0	2	8	2	12	46
Policy Instruments Designed and Implemented	1	2	2	2	5	0	12	88
Seminars	0	1	2	2	3	1	9	25
Pilot Programs Assistance	0	2	7	0	9	0	18	33
Workshops	1	9	22	16	7	9	64	147
Manuals & Guidelines	0	0	0	0	11	6	17	54
Trained Personnel	0	0	0	0	0	0	0	85 labor inspectors
Resources Leveraged by Pilot Programs over Life of Project	0	0	0	0	0	0	0	\$220M

## ANNEX II. Q6 PERFORMANCE STANDARDS CHART:

<sup>22</sup> New activity in accordance with the Access to Finance Year 2 Work Plan.



CLIN	Performance Standard	Description	Date	Program Support Instrument	GOC Beneficiary
1.4	1 Curriculum	Manuals and Guidelines	March	Autorun ARD	Ministry of Agriculture and Rural Development
1.8	10 weekly reports	Weekly Reports and monthly briefer	January-March	Land Component	
2.1	1 Seminar	New forms for accessing loans	March	James Bowers	Superintendencia de Sociedades
2.3	1 Workshop	Implementation of mobile banking and/or electronic wallets	February	Marulanda Consultores	Banca de Oportunidades DPS
2.4	1 Policy instrument	Scheme to pay subsidies for beneficiaries of <i>Familias en Acción</i> <sup>23</sup>	February	Marulanda Consultores	Banca de Oportunidades DPS
2.6	1 Institutional Reform	Recommendations about portfolio management and back office procedures to meet international benchmarks	February	Access to Finance Component	Banco Agrario
2.7	1 Law	Draft Bill Equal opportunities for Afro Colombians <sup>24</sup>	February	Access to Finance Component Marulanda Consultores	Ministry of Interior
	1 workshop	Ongoing support for design of instrument to facilitate lending to population affected by the natural disaster caused by flooding	January	Marulanda Consultores	Banca de Oportunidades y Fondo Nacional de Garantías
3.1	1 Guideline	Guideline for regional planning of integral assistance and reparations to victims	March	Ricardo Agudelo	Victims' Unit
	7 Workshops	Mechanisms and procedures to implement at the national level interagency coordination with other GOC agencies and departmental and municipal governments	January-March	Vulnerable Population Component	Victims' Unit Housing Ministry
4.5	1 Regulatory Decree	Regulatory Decree on Public Employment: Proposal for the formulation of a sole Regulatory Decree of the Public Employment Framework Law	March	Public Employment Team	High Commissioner for the Good Governance and Departamento

<sup>23</sup> Ongoing support for scheme to promote small savings for beneficiaries of Familias en Acción; ongoing support for scheme to pay subsidies for beneficiaries of Familias en Acción.

<sup>24</sup> Ongoing support for design of financial instruments to increase financial presence & financial services in regions w/Afro-Colombian populations.

CLIN	Performance Standard	Description	Date	Program Support Instrument	GOC Beneficiary
	I Institutional Reform	Proposal for the institutional reform of the employment system: Public Employment System Model in Colombia. Detailed recommendations and action plan to reform the Civil Service Administrative & Public Employment Sector			Administrativo de la Función Pública
	Legislative Act <sup>25</sup>	Alternative draft of the Legislative Act to modify the Political Constitution of Colombia, eliminating the National Civil Service Commission			
4.7	4 manuals	4 manuals and guidelines for new mayors and governors	March	Economía Urbana Fundación Nueva Cultura	High Commissioner for the Good Governance, DNP and ESAP

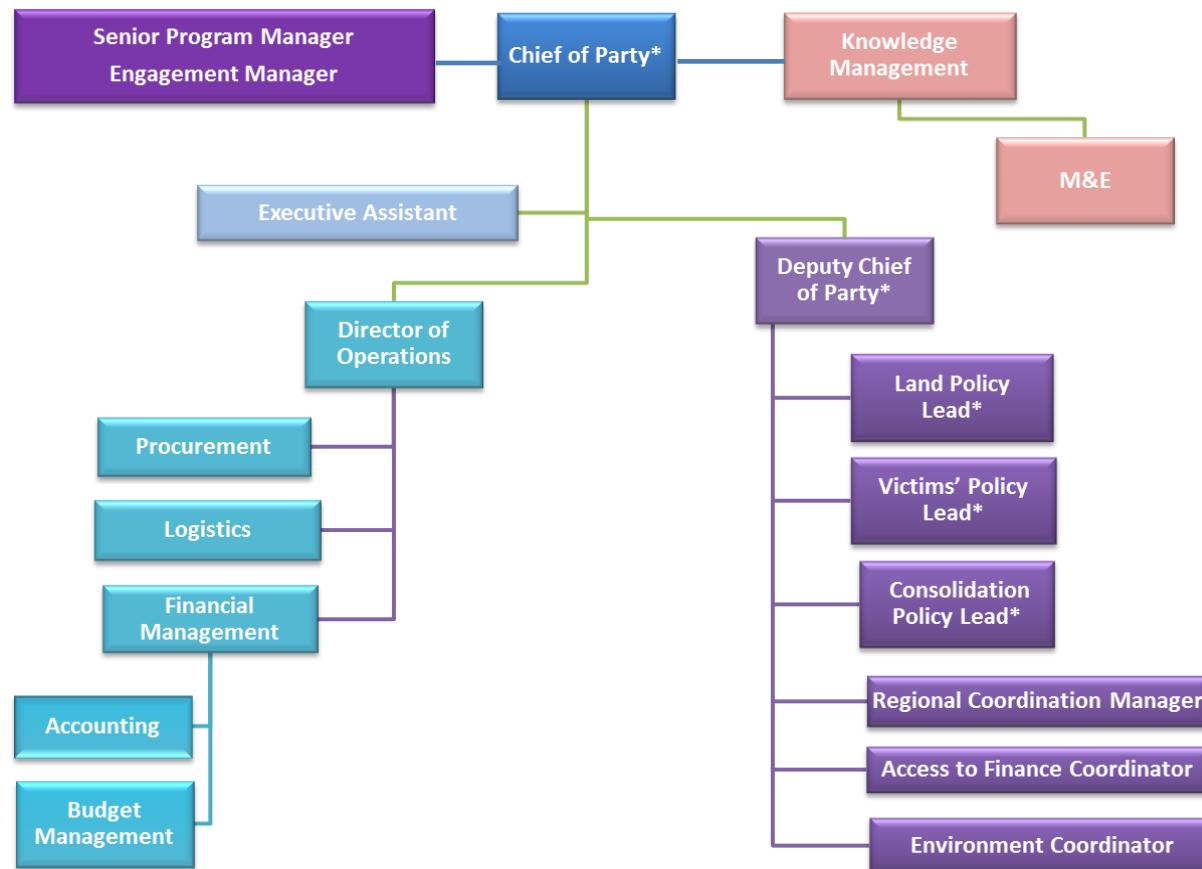
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<sup>25</sup> Equivalent as a law

### ANNEX III. Q6 NEW PERFORMANCE WORK STATEMENT (PWS)

ADFDSF Results/Performance Standards	Delivery Requirements/Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Quality Assurance/Quality Control
<b>Program Goal: Improved economic and social conditions of vulnerable Colombians through effective rights-based institutional presence</b>							
<b>PILLAR ONE: LAND POLICY</b>							
<b>1.1 Land restitution chapter of the Victim's Law implemented</b>	Land Restitution Unit established		●				Expert panel
	Inputs to Compensation decree		●				Expert panel
	Inputs to Land Restitution for Ethnic Minorities decree	●					Expert panel
<b>1.2 Land and Rural Development Law drafted</b>	Inputs to Law for Rural Development			●			Expert panel
	Design of Unit for Rural Land Use Planning	●					Expert panel
	Design of Sustainable Livelihoods Policy Framework			●			Expert panel
	Design of Regional Rural Development Areas Programs		●				Expert panel
<b>1.3 Rural property formalization program designed, including regulatory framework and institutional infrastructure</b>	Design of formalization program		●				Expert panel
	Regulatory framework for land formalization	●					Expert panel
	Design of institutional structure for formalization program	●					Expert panel
<b>PILLAR TWO: VICTIM'S POLICY:</b>							
<b>2.1 Victims' Law institutions designed</b>	Design of Department of Social Prosperity (DAPS)			●			Expert panel
	Design of Victims' Unit		●				Expert panel
	Design of Regional Victims' Assistance Centers		●				Expert panel
	Design of Center for Historical Memory		●				Expert panel
<b>2.2 National plan for Victims' humanitarian assistance and reparations</b>	National Plan for victims' reparations in place		●				Expert panel
	Design of regional reparations plans		●				Expert panel
<b>2.3 Victims and civil society stakeholders participate in the implementation of the Victims' Law</b>	Victims and stakeholder participation in policy design		●				Expert panel, Meeting evaluations; stakeholder surveys
<b>PILLAR THREE: CONSOLIDATION POLICY</b>							
<b>3.1 National Consolidation Policy (NCP) framework revised</b>	Revised NCP framework	●					Expert panel
	Regional Consolidation Action Plans			●			Expert panel
	Design of interagency and inter-governmental budget and coordination mechanisms			●			Expert panel
<b>3.2 Institutional structure designed to implement the NCP at the national and regional level</b>	Design of Consolidation Unit		●				Expert panel
	Design of Consolidation Fund		●				Expert panel

## ANNEX IV: NEW STAFF CHART



\* Indicates Key Personnel